

JPRS-EER-88-089  
24 OCTOBER 1988



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# ***JPRS Report***

# **East Europe**

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# East Europe

JPRS-EER-88-089

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24 OCTOBER 1988

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## INTRABLOC

### Changing Role of Prosecutor General's Office Under Restructuring

26000002 Warsaw PRAWO I ZYCIE in Polish  
No 36, 3 Sep 88 pp 12-13

[Interview with Atanas Atanasov, Bulgarian Deputy Prosecutor General, by Jerzy S. Mac]

[Text]

[Question] Is it easier or harder for the Bulgarian Prosecutor General's office to live and work now than before restructuring?

[Answer] Last year, 1987, profound changes in the state began and were reflected in party decisions. They define the duties of the Prosecutor General's office and other bodies named to protect the law. This is leading to the need to reform legislation. The main direction is indicated by this statement: "To create a legal system adequate to principles of self-management" contained in the resolution of the National Party Conference from January of this year. This means we are faced with the task of restructuring legislation in the spirit of self-management in every area of state life and public activity.

[Question] Please expand on this "restructuring of legislation in the spirit of self-management" (if it cannot be called something simpler) in a field such as criminal law.

[Answer] Our criminal law needs restructuring, further development and improvement. It is impossible at this point to define these changes precisely. But it is certain that based on party premises, democratization and humanization are necessary.

[Question] What do "democratization and humanization" of Bulgarian criminal law mean in practice? Please give at least one concrete example.

[Answer] This concerns issues we are currently discussing, such as permitting attorney participation in proceedings before charging a suspect. The current code of criminal procedure allows attorney action after the conclusion of an investigation, when a charge is made. In art 73, par 2 of the code of criminal procedure there exists the possibility of the Prosecutor General's office permitting attorney participation at the same time charges are brought (if such participation does not hinder the exposure of objective facts in the investigation), but this practice is used very rarely.

[Question] And it is no wonder, because which prosecutor would permit something that would hinder his work and be contrary to his interests? So how do the prosecutors feel about making this very rare exception the rule? Are they opposed to it?

sw:8.7q[Answer] If an attorney is admitted to an investigation, in my opinion this leads to two-way traffic in investigative actions, improves the quality of these actions and provides an additional guarantee of protection of the rights of the accused.

[Question] "Two-way traffic" means that besides pursuing evidence against a suspect, an investigation will also have to analyze facts in his favor, presuming his innocence until he is proved guilty. Is that right? That is truly a revolution. What other revolutionary changes in criminal law are being discussed under Bulgarian perestroika?

[Answer] Changes are being discussed that will lead to a decrease in the scale of anticipated sanctions, using penalties other than imprisonment and limiting the use of the death penalty.

[Question] You said "limiting the use of the death penalty." So abolishing it is not being discussed, as it was in Poland, the USSR and GDR where it was removed from the penal code last summer.

[Answer] I do not think it would come to that in Bulgaria.

[Question] Is that your personal opinion or the official position of the Prosecutor General?

[Answer] It is my opinion, but I think it is shared by most prosecutors and all Bulgarian lawyers probably see it the same way.

[Question] Attorneys too?

[Answer] According to our penal code, the death penalty is currently used in cases of crimes against the People's Republic of Bulgaria and classified murders. Since the mid 1950s, the death sentence has not been handed for economic crimes.

[Question] But it is used for a more or less open attempt to commit the crimes mentioned. A few days ago I read in the Bulgarian press about the sentence in the case—given much publicity—against the perpetrators of a bank robbery. For the theft of 200,000 leva and "attempted murder of a guard," two "caps," as we say in Poland, were handed down. How many "classified murders" are committed annually in Bulgarian, or how many attempted murders, how many death sentences are handed down in these cases and how many are carried out?

[Answer] We do not reveal such information and it is probably not revealed in Poland either.

[Question] In Poland one can find data of this kind if any statistical yearbook, available in any bookstore.

[Answer] We also have statistical yearbooks, but for internal use. I would also like to emphasize that according to art



376, par 5 of the penal code, after validation of the death penalty, the matter of its being carried out is considered by the Council of State.

[Question] Whose authority is prison management under in Bulgaria? I ask because during my business trip I also wanted to visit a corrections facility. The representative of the press department of the Ministry of Foreign Affairs who organized my itinerary said that he passed my request on to the "appropriate bodies" and was waiting for a response, but made no secret of the fact that it probably would not arrive before I ended my stay in Bulgaria. At the Ministry of Justice I heard they did not oversee corrections, but rather "other bodies" did, and so I have seen the Bulgarian prison uniform—navy blue with dark red lapels—only in court, in the dock. Is the deputy prosecutor general perhaps empowered to make it possible for me to become acquainted with the work of the prison service, if only at the prison for foreigners, Pazardzik, where Poles are also spending time?

[Answer] Several years ago, carrying out sentences was among the powers of the courts. At the same time penal institutions were under the Ministry of Justice. Currently they are under the Ministry of Internal Affairs.

[Question] Just like the entire investigative apparatus, of which the Bulgarian Prosecutor's office is completely deprived—this must have been an oversight.

[Answer] Since 1979 a uniform investigative apparatus has existed under the Ministry of Internal Affairs. There are no investigators in the Prosecutor General's office itself. In my opinion, the prosecutor's office should have its own investigative apparatus, as was the case until 1979, in order to conduct preliminary investigations in cases where an attempt at outside interference is possible or there are manifestations of nonobjectivity in an investigation.

[Question] Does such "outside interference" or "manifestations of nonobjectivity"—in other words, instances of infringement of the law—occur often in the course of investigations? How does the Prosecutor General's office deal with them?

[Answer] According to the law on the Prosecutor General's office and the code of criminal procedure, the prosecutor has control and legal supervision over the activity of investigative bodies. It can give instructions to the investigating officers, participate in investigative activity and, in addition, it requires transfers of documents and materials gathered in an investigation in order to verify them. Besides this, the prosecutor can remove from an investigation an official who has permitted a violation of the law and, if he deems it necessary, can personally lead initiated investigative proceedings.

[Question] In order for the system of criminal law to be restructured "in the spirit of self-management," the

prosecuting bodies themselves must undergo perestroika, as formulated by the party decisions to which you keep referring. How does the Bulgarian Prosecutor General's office intend to move on this? Is reorganization of these bodies perhaps anticipated, verification of staff, the creation of prosecutorial self-management or election of prosecutors rather than appointment?

[Answer] The managing units of all bodies are currently working on these issues and treating them as an exceptionally important and responsible subject. This work is being conducted at all levels of the Prosecutor General's office and the opinions of the lowest organizational units are being taken into consideration in seeking nontypical solutions. In accordance with the instructions of the National Party Conference, the bodies named to protect the law are steered toward preventive action, which will be one of their main tasks. The purpose of this activity is to direct efforts toward revealing and removing the causes and factor that are conducive to the existence of crime and violations of the law, hence not just conducting investigations and handing out penalties.

Second in importance for the Prosecutor General's office is expanding its activity in connection with oversight and control of investigations and introducing general oversight by the Prosecutor General's office of the work of administrative staff and state bodies. In third place is consistent application of the rules, ruling out interference by local and central bodies in any form.

[Question] In general, are the prosecutors prepared for this direction, expansion and other changes?

[Answer] These premises place special demands on prosecutors; civilian attitudes, consistence in uniform resolution of issues, relying on the rules and evidence in cases.

[Interviewer] Thank you for the interview.

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## CZECHOSLOVAKIA

### High Incidence of Divorce Linked to Housing Shortage

24000003 Prague LIDOVA DEMOKRACIE in Czech  
10 Aug 88 p 1

[Article by (nel): "For Family Stability"]

[Text] Last year in Czechoslovakia 39,552 marriages ended in divorce. At present over a quarter-million children are living in broken-up families, with only one parent. It may be inappropriate to recall these facts at this time of vacation travels, when most dads and moms are waiting for their offspring to return from a few weeks

at camp or from a willing granny. It may seem inappropriate unless we realize that for some parents the absence of vacationing children may be a welcome means to their own "freedom."

It is not easy to contemplate the causes of the divorce rate, which is indeed exceedingly high in our country. Perhaps the easiest is to blame everything on the immature young people who marry without knowing what they are getting themselves into (and moreover about one-half of marriages are based on unwanted pregnancy). But, to accept this premise would amount to an admission that all the educational institutions, from the family to the school to the means of influencing the public and public opinion, have substantially failed. It is true the young people entering marriage are ever more frequently mature physically but utterly immature socially and psychologically. (One of our well-known female psychologists once described this by noting that today's youth often sacrifices the first marriage—and the children issued from it—to the altar of their own maturation.)

Is it really so that today's young people are so utterly irresponsible, that they don't know what marriage and parenthood bring with them? If it is, then—however paradoxical it may sound—they are guiltless because ignorance is no sin. The guilt would evidently have to be sought among the older generation, among parents who have raised their young in such ignorance. On the other hand, of course, the young people of the 1980's do frequently display their sense of responsibility. They manage to be very independent where they are compelled to be, where there is no one to lead them by the hand and remove even imaginary obstacles from their way.

But the majority of our young families are not compelled to stand on their own feet right after marriage; one can well say that it is not made possible for them. On entering their first marriage, only one-quarter of the couples in Czechoslovakia have their own apartment, and only in 5 years' time do 80 percent of the families live on their own. An apartment naturally does not constitute a fetish, and to have one's own is definitely not a recipe for a contented marriage. Nevertheless, living "on one's own" right after marriage has many advantages, of which the most important is the need to rely on one's own resources. It is, in a way, a small school of responsibility.

To be sure, in view of our housing situation the notion of one's own apartment for each young married couple is illusory. Even if there were enough of them, the costs of acquiring and furnishing one (despite advantageous loans for newlyweds) exceeds the financial possibilities of the vast majority of our young people. Although there is a good deal of talk these days about making apartments of the lower category available to young marrieds on condition that they will refurbish them, not even that is a way to solution because neither the apartments nor the opportunities to refurbish them are plentiful (leaving

aside the picture, often a real situation, of a weeping child in the midst of a construction mess). It seems a circle that still remains impossible to square.

For the moment the situation is that each sixth or seventh child has experienced a parental divorce—with all the psychological problems this entails. Experts should (and often do) express their opinion about these children's prospects for establishing a stable family in the future.

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## GERMAN DEMOCRATIC REPUBLIC

**PLO Greets Honecker on National Day**  
*AU1510215188 East Berlin NEUES DEUTSCHLAND  
in German 11 Oct 88 p 6*

[Message from Yasir 'Arafat, chairman of the PLO Executive Committee and commander in chief of the Armed Forces of the Palestinian Revolution, to Erich Honecker, general secretary of the SED Central Committee and chairman of the GDR State Council, on the National Day of the GDR on 7 October]

[Text]

To Comrade Erich Honecker, general secretary of the SED Central Committee and chairman of the GDR State Council

Esteemed Comrade Erich Honecker:

On the occasion of the celebrations marking the anniversary of the founding of the GDR, it is a pleasure for me, on behalf of our Palestinian Arab people, on behalf of my comrade members of the Executive Committee of the PLO, and on my own behalf, to convey to you, Excellency, and through you to your friendly party, your esteemed government, and your friendly people our most cordial congratulations, as well as the best and sincerest comradely wishes for the further progress of the friendly GDR and its prosperity, under your wise and courageous leadership.

In celebrating this great national event, your friendly people and militant party commemorate the great sacrifices you have made and the glorious victories you won, which were crowned with the founding of the GDR. Today, your friendly party and your friendly people underline their determination and perseverance in continuing the path toward progress and the building of socialism in implementing their goals of a further economic upswing and social prosperity. We are sure that, thanks to your guiding directions, your wise policy, and vision, this path will be crowned with complete success. I take this opportunity to express our profound gratitude and our utmost respect to you, Excellency, and esteemed

Comrade Chairman, for the firm, principled, and courageous attitude of support and solidarity which your friendly country, its party, its government, and its people, under your wise and courageous leadership, have adopted at the side of the just struggle of our people and their glorious popular uprising, which they are pursuing with unshakable patriotic will and firm determination, under the leadership of the PLO, its sole legitimate representative, and with the support and complete solidarity of all friendly peoples and states in the world and their freedom-, peace-, and justice-loving forces to liberate their homeland and regain and execute their inalienable national rights, including their right to return home and to self-determination, as well as to the establishment of an independent state on their national territory.

Comrade Chairman, our struggling people will not forget your comradely solidarity and your courageous support under these difficult and fateful conditions, to which their national cause is subjected. Our people will also always remember with pride and appreciation the supportive attitude of the friendly GDR and the solidarity and aid of all peoples and countries of the socialist community, which is headed by the friendly Soviet Union—solidarity and aid which they receive in the face of the imperialist conspiracies and plans of the United States and of world Zionism, which aim at destroying their national identity and rights. This solidarity will strengthen our people's determination to continue their heroic struggle to gain freedom and national independence, and to establish a just peace in our region.

On the occasion of this National Day, I would like to express our great pride and satisfaction to you, Excellency, on the development and progress of the relations and bonds of friendship, solidarity, and cooperation, which are based on trust and mutual respect, and which link our Palestinian revolution and your militant party, as well as our two friendly peoples. I affirm to you, Excellency, our firm determination to further consolidate and expand these relations and bonds of struggle and solidarity for our people's common interest in making progress, flourishing, and establishing a just peace.

Congratulating you cordially once more, I wish you, Excellency, and esteemed Comrade, good health and happiness, as well as further progress and success in leading your friendly people toward the realization of their noble national goals and aspirations.

Revolution until victory!

Yasir 'Arafat, chairman of the PLO Executive Committee and commander in chief of the Armed Forces of the Palestinian Revolution.

## POLAND

### Miodowicz Voices Reservations About Current Reform Policies

26000015 Warsaw KONFRONTACJE in Polish  
No 4, Apr 88 pp 10-11

[Interview with Alfred Miodowicz, Chairman OPZZ, Politburo member, by Jerzy Szczesny: "Interview With Alfred Miodowicz"]

[Text]

[Question] According to CBOS [Public Opinion Survey Center] polls, barely 7 percent of respondents believe in the reform's eventual success. As of August 1987 the polls have been pointing to a steady worsening of public mood; less than 1 percent of respondents declared their faith in a better future. What can this lead to?

[Answer] According to optimists, who surely include the framers of the reform, that 1 percent should gradually and steadily grow. That is, the number of people perceiving the future more clearly than they do the present should continually increase.

[Question] It should, but shall it? Will not apathy and discouragement prevail instead?

[Answer] There is something menacing about the mood of apathy, discouragement, and a certain resignation observed in the society. For if this mood is spreading to broad segments of the society, it logically obstructs or certainly hampers markedly the broad program for reform measures. If some tangible and reasonably rapid changes are to occur in this country, they are easier to bring about in the presence of, if not enthusiasm, since that is in such short supply nowadays, then at least the society's faith in individual and collective success.

[Question] But what are the causes of this absence of the society's faith and that mood of discouragement?

[Answer] Generally, they are rooted in the absence of success of the present economic policy. But viewing the matter in detail, I must emphasize what is perhaps the most painful still unsolved problem: housing. I am quite aware that when the issue of housing construction was also included in Szczecin Agreements of 1980, the present economic perturbations had not been foreseen, although signs of the collapse in the subsequent years had by then appeared. But there had been more enthusiasm than realism.

A terrifying factor and one causing social apathy is that we are unable to offer to today's 20-year-olds any realistic prospects for housing of their own. Is not one of the wellsprings of the discouragement and resignation the fact that in 1986 the number of dwellings released for occupancy had reached the level of 20 years ago? Recently Professor Jan Szczepanski declared the housing



situation to be the most important cause of the conflicts. It is difficult to disagree with him considering that some 8 million Poles are in the 16-29 age group. Professor Szczepanski thinks that a violent explosion may occur, because it is this age category that provides the storm troops for all rebellions and revolutions. I fear that our eminent sociologist is right. Housing nowadays is an embarrassing problem. I recall the claim of the recently deceased Professor A. Ciborowski that the situation in housing construction produces the impression that measures are being deliberately taken to compromise socialism. Mikhail Gorbachev put this matter very plainly: "People will not acknowledge us unless we solve the housing problem." Thus, the scope of negligences, including this scandalous housing situation, markedly influences the emotional state of the society. This contributes to the apathy and discouragement which in their turn complicate reform measures. This is a vicious circle.

[Question] What then are the chances for the currently implemented reform?

[Answer] They exist, because everyone wants a change in the present situation. How can these price hikes go on?

[Question] Not everything is going up in price. The price of human labor is declining.

[Answer] We have long been emphasizing this! Real wages are declining, especially in the socialized sector, and in the long run this is unacceptable. Hence, the authorities, the society, the opposition, everyone want changes. Some want them in word and some in deed, and their respective identities should be established.

[Question] In your opinion, does the present attempt at a reform afford a chance for tangible changes to the better?

[Answer] The trade unions have made known various reservations about this concept of the reform. Our concept is different. I personally am a pragmatist and claim that spreading among the citizenry the slogan "We are reforming the economy" is hardly meaningful. To many this slogan is completely puzzling, and those who understand it associate it with the experiences and arrears of the so-called past periods. When a citizen hears about reforming the economy, he willy-nilly associates appeals of this kind with price hikes.

[Question] That is, with the "price corrections with the object of curtailing excess consumption," as they used to be called.

[Answer] We have rightly scrapped such poetic phraseology and nowadays, fortunately, a spade is called a spade. Thus, in my opinion, the slogan "We are reforming the economy" does not appeal to the average citizen and does not awaken his proactivism.

[Question] What would be a better slogan?

[Answer] For example, "Let's strengthen the zloty," with all the consequences thereof. This will reach the minds of the people, because everyone's wallet bulges more and more with paper money for which less and less can be bought. Thus, the economic reformers face a devilishly difficult task. Because not only inertia but also resistance in awareness, habits, customs, and negative experiences of the past has to be overcome. There exists a paradox in that everyone wants to change the operating system of the economy and rely on the initiative and resourcefulness of citizens. This is a goal of the authorities, and this also is a direction in which the opposition desires changes. But the changes proceed at a snail's pace despite the seemingly common consensus about their desirability.

[Question] Why?

[Answer] I perceive two reasons. First, the force of routine and the resistance ensuing from the old bureaucratic habits. I don't believe that the mentality developed in decisionmakers at all levels over a good 40 years can be changed by several government resolutions, a dozen Sejm decrees, and several score press articles by the more enlightened columnists. For 40 years, or over the time-span of two complete generations, economic managers had been accustomed to a system under which the flow of producer goods was based on a centrally planned allocation list, and the flow of funds for paying wages was not particularly linked to the effects of labor—a system conceived by the authorities, and let us add, a system devised by armchair strategists. Since that was the practical education in economics received over the time-span of two generations, one has to be an incorrigible utopian and dreamer to believe that the mentality of these people can be changed overnight or even in the course of a year.

The second reason is rooted in the very concept of the reform: it relies too much on bureaucratic, formal measures and too little on mechanisms that would cause the labor of the majority of the people, meaning the most active and industrious people, to simply begin to pay off to them. Should that happen, they would like and defend the reform—not because they have to, but because they and their families, their workplaces, the country as a whole, will benefit from it.

[Question] Do you consider this possible at all in a situation in which, in addition to the negative experiences of history and bad habits, the country is burdened by a foreign debt of nearly US\$40 billion and a markedly decapitalized national wealth?

[Answer] Yes, this is possible. On one condition, however: that the authorities, which are bold enough to radically reform the economy in such a drastic and unfavorable situation, must also enjoy considerable authority and trust of the society.

[Question] Can such authority and trust be gained through declarations of goodwill?

[Answer] That would be too little, especially because I believe that the time of speechifying is irrevocably over—that time of declaration-making, evasions, and persuading people that the emperor wears clothes.

[Question] About persuading: The latest price hikes [effective February 1988] are said not to have lowered the living standards. This was publicly claimed by the authors of the latest wage and price operation.

[Answer] That was a mistake, because this is an untruth. Since the compensation payments [for price increases] did not allow for the increases in the prices of cigarettes and alcohol, and in view of the scale of consumption of these items, it should have been honestly admitted that the standards of living would decline, though to a lesser extent for those who curtail their drinking and smoking—this should have been said publicly and honestly instead of hiding one's head in the sand and forcing the GUS [Main Statistical Administration] to perform a mindboggling juggling of figures.

[Question] And what about those ridiculous 1,750-zloty compensation payments?

[Answer] The trade unions, too, said no! These payments were no compensation for the price hikes at all. That was an error. I am not claiming that this was dishonest, but that is how it smelled to the public.

[Question] A radical and effective reform can be accomplished by a strong government that enjoys social authority and trust. Do you not think that forming an anticrisis pact, which is being proposed by independent and oppositionist circles, would enhance the society's trust in the reform measures of the authorities, identify the extent of the indispensable social sacrifices, and guarantee that those sacrifices would not be wasted?

[Answer] All this depends on the nature of that anticrisis pact. It should be precisely defined, the partners to that pact should be identified, and the extent of the inviolable principles fixed. The constitutional principle of the party's leading role and the coalition system of the exercise of power are the fundamental though not sole principles. In brief, any common undertakings, with the "common" being most broadly interpreted, that can improve the life of working people and offer them prospects for a better future, deserve the support of the trade unions. And it should be borne in mind that the condition of the economy and hence also of the people is bad. Poverty is growing and people find it increasingly difficult to survive from one monthly payday to another, let alone save any money.

[Question] The anticrisis pact could precisely be an attempt to define these priorities and perhaps also to support the changes needed to improve the situation.

[Answer] Were not this pact to threaten manifold political consequences, and here I mean a relapse into former disputes and conflicts, I would be its ardent supporter. But hardly anyone can provide guarantees of this kind. Besides, if I wanted to respond formally to the proposal for that pact, I would have to declare that it is the PRON [Patriotic Movement for National Rebirth] should be the platform for such thinking about Poland.

[Question] Then, likewise from the formal point of view, I would have to point out that a substantial number of opinionmaking circles is not accommodated by the PRON formula and that the proposal for the anticrisis pact could be addressed to them.

[Answer] In that case, let us consider what could be called the new social agreement. The [OPZZ, i.e., government-sponsored] trade unions formulated several years ago a proposal for such a new social agreement between the government and the working people. That was in 1985, and at the time it turned out that neither the society nor the government were sufficiently ready to reach such an agreement.

[Question] In 1985 that would have been an agreement between Miodowicz and Messner.

[Answer] At the time, yes, but that was not the point to us. The point is, how to rally the society round a single common cause. That cause is Poland, and hence also the fate of every Pole—every one, without regard to views, options, inclinations, outlook, etc. It is simply scandalous that a country like ours, which is hardly small, with a population of nearly 40 million, of whom a sizable percentage are educated, with rather good natural resources and a substantial area of cultivated land, is lagging behind not only the leading but also the average European countries, and that the society is waiting for a miracle, which will not occur of itself, and is moreover sinking into discouragement and apathy.

[Question] What is your position on trade-union pluralism [Solidarity]?

[Answer] Please, consider, our experience of 1980-1981 as well as trade-union experience in such countries as Austria and the FRG demonstrates that pluralist political and world-outlook orientations are acceptable if accommodated within a constitutional framework. We recognize other trade-union organizations for whom the formula of the OPZZ and its member organizations does not suit. This is how we interpret pluralism. But the postulate of pluralism offered by the oppositionist circles has a different meaning: this concerns the possibility of existence of two mutually antagonistic trade unions in the same factory or plant. I have a couple of questions for the supporters of the thus interpreted pluralism. Does not this mean a schism in the trade-union movement, that is a weakening of its protective umbrella over its members? Will not such pluralism result in abandoning the general policy of protecting worker interests in favor



of an essentially sterile membership recruitment drive? In no factory, plant, or office does the personnel have split interests. That is why our interpretation of pluralism rejects that version of it which basically sows division within the workforce, encourages unwarranted claims and concessions, and ultimately results in weakening the trade-union movement. We still continue in a deep crisis, but we still have a chance to surmount it at a fairly low cost. I believe this strongly, and I think that a considerable part of trade-union membership also believes it. The point is that we as a society should know how to learn from past mistakes. There exists a great political will for radical changes and an equally great will for accomplishing these changes so as to minimize the strains on the working people. The trade unions [OPZZ] are in no way interested in nursing old grievances and evoking specters of the past. We look forward into the future and perceive it to harbor a difficult but realistic chance.

[Question] Would you meet with Lech Walesa if it were to improve the public mood and inspire people with new faith?

[Answer] I was asked the same question at a press conference in Yugoslavia, and inasmuch as little has changed since then, let me answer it in the same way: I do not exclude such a meeting, provided that its purpose matter. After all, its purpose would not be for us to gaze soulfully into each other's eyes. But if this is to be a spectacular meeting, I would have to obtain from my constituency support and acceptance of such an initiative. The same apparently goes for Lech Walesa and his constituency.

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#### **Nonparty Political Forces, Sejm Reconstitution Discussed**

26000010a Warsaw ZYCIE WARSZAWY in Polish  
2 Aug 88 p 3

[Interview with doc Gwidon Rysiak, director, Chair of International Public Law, Jagiellonian University, SD party activist and member, Sejm Socioeconomic Council, by Zdzislaw Zaryczny: "A Question of Choice" under the rubric "National News"]

[Text]

[Question] The need for the anticrisis pact is being mentioned increasingly often and increasingly publicly. You are opposed to that initiative. Why?

[Answer] The concepts of the anticrisis pact, such as are being presented, appear to echo the agreements of 1980-1981, with the authorities talking to themselves.

Yet today the situation is completely different and I do not think that any of the politically active camps would

want to apply old templates. New solutions serving as the basis for an authentic reform coalition and winning social support for it have to be explored. The problem is that the potential participants in that coalition are at present undergoing a very difficult period of recovering their identity and the attendant credibility.

The government cannot, despite the emergency powers granted to it, cope with the economy and is being criticized for its various moves. The PZPR has entered upon the stage of restructuring the program and style of its work, as evidenced by the discussion at the Seventh Plenum on the cardinal question of the party's ends and means.

On the other hand, the attempts of certain groups to reactivate Solidarity in its form of 1980 are missing the point; in my opinion, this is like trying to inflate a balloon that has been pierced. Then perhaps the Episcopate? As a believer, though, I feel that the church should concern itself with spiritual affairs.

[Question] Just a moment. You mentioned only the PZPR. What about the other two parties? Don't they count?

[Answer] The PZPR shoulders an exceptional responsibility in view of its constitutionally affirmed leading role. As for the allied parties [the ZSL or the United Peasant Party and the SD or the Democratic Party]—despite, in recent years, their having distinctly demonstrated their co-responsibility for the functioning of the state—tradition bids viewing them as representing the interests of particular segments of the society.

In addition to these two parties [allied with the PZPR], and several [Catholic] associations, which are represented in the Sejm, we have one more party.

[Question] ???

[Answer] The party of the nonparty people! While it is not represented in the national bodies, it is the greatest political force in Poland: it can either revive or paralyze whatever is happening in this country. No anticrisis pact, or to put it differently, no reform coalition, may ignore this fact.

In its time Solidarity tried to represent the "party of the nonparty people," whereby it forfeited its nature as a trade union. So much is being heard about the possibility of forming, e.g., a grouping of Christian Democrats.

In a word, I believe that concluding an anticrisis pact at the highest level will be pointless. It would be merely paying homage to the method, changing the reality by means of magic conjurations.

[Question] Do you have a better idea?

[Answer] I do! I would begin by relaxing the sanctions applied against the various clubs, societies, etc., that are being organized. In view of the general passivity, even limited proactivism, whether in industry or in culture or education, would be a major factor in stimulating intellectual ferment. From there on we have just one step to joining the reform coalition.

For to me the reform coalition means something that begins at the grassroots level, in the township, at the workplace, within an association of people who want to, e.g., renovate a farmstead or build a school or express their opposition to the death penalty. The door to this kind of activity should be opened wide.

[Question] Yes, but then why the big words, "the pact," "the coalition," considering that what matters here is what I would term restoring normalcy?

[Answer] That is precisely what matters! It is simply that the possibilities for the pluralist self-organization of the society, at school and in the factory, among other places, should be restored. To me, the universities are a proving ground for pluralism under socialism. Why cannot their presidents be granted the right to register organizations meeting constitutional requirements [of not being subversive] as well as, e.g., university statutes, and associating the university's own students alone?

Must such organizations be immediately nationwide? If the members of these organizations so decide, sure, why not let them associate them 83 selves nationally. But first let them be active a little and demonstrate what they can accomplish on their own turf. This will certainly be a breeding ground for new leaders who through their authority, intelligence, and resourcefulness can attract more members.

[Question] In his study, "From Diagnosis to Action," Professor Jan Szczepanski argues, however, that there exists a point of no return beyond which the processes engendered by the reforms begin to generate forces menacing the traditional political system. I would be surprised if the ruling party were to ignore this.

[Answer] In speaking of the party we usually mean an anonymous organizational structure or a group of people exercising particular duties, and less often a program. Please consider: this is significant. I do not think that the doctrines proclaimed so far are applicable to the end of the 20th century, unless major corrections are carried out in the mechanisms of the exercise of power.

[Question] What do you really mean?

[Answer] The significance of the principle of the party's leading role has to be reconsidered: that role should manifest itself in the process of societal development rather than in quotidian guidance of that process. I visualize it as a kind of beacon indicating the direction

but not holding the boat's helmsman by the hand. A rational helmsman will not hit the reef and instead he will navigate along the route designated by the buoys.

[Question] You are being rather vague, whereas power is something specific.

[Answer] Well, let me put it differently: imagine an inefficiently operating factory that is being managed by a merited party activist. His "face" must somehow be saved, now that he has not proved to be a good manager, and therefore some equally attractive post is being sought for him. Is there any sense to it? And yet that is how the party's leading role is often interpreted.

Major changes also are needed in another respect: the relationship between the party and the allied parties. For the coalition system of the exercise of power displays, I would say, minor shortcomings. If you consider the statistics, you will find that for years the number of Sejm deputies representing the ZSL and the SD has been the same, irrespective of the membership and actual influence exercised by these parties. This points to the existence of some extraconstitutional and extraparlimentary mechanisms that decisively influence the composition of the Sejm.

[Question] There is no doubt that the 10th Sejm has to be a different Sejm if we want it to reflect more accurately the actual alignment of political forces in this country and if it is to act as a bridgehead for the reform coalition. How can this be accomplished, in your opinion?

[Answer] First, electoral laws should be amended to drop the national slate [of officially appointed candidates]. Second, the principle of single-mandate districts should be adopted. Third, the possibility of nominating candidates for Sejm deputies by groups of, say, 1,500 or 83 3,000 voters or, say, 10 percent of registered voters in a district should be admitted. Perhaps also we should introduce coalition slates and slates of nonparty candidates. A coalition of the PZPR with the SD, or of the PZPR with the ZSL?

More even: What if the alignment of the future Sejm would consist 60-70 percent of the tripartite coalition and 30-40 percent of the "party of the nonparty people," including representatives of the opposition? Then the PZPR would no longer have an absolute majority of seats. It would have to work much harder in order to court the support of its allies. But the ZSL and the SD, too, would then have to prove anew each day their attractiveness and dynamism as political partners. Why not? Why should not it be just like this? History teaches that nothing in politics is permanent.

[Question] But some alignments and concepts occur at the wrong time: they are either premature or too late. The intellectuals discuss and the politicians take risks but, as always, it is the society that decides.

[Answer] After all, the elections to people's councils were sufficient indications that, as the saying goes, one cannot be late for certain trains.

But I don't want to produce the impression that I link my hopes for political changes solely to the elections to the Sejm. That is not so. Honestly speaking, at the moment I am more interested in the new constitution. There is not that much time left to draft it, if the target date of 3 May 1991 is to be met.

[Question] Is it an optimal constitution?

[Answer] Some people think it an excellent idea. But to me something else is more important: will this new constitution be voted by the 10th Sejm, this being within its powers, or will it be voted by a National Assembly especially convoked for this purpose? I am naturally in favor of the latter alternative, because I view it as affording a chance for translating into reality the idea of a reform coalition with a broad representation of various politically active social forces.

Of course, such a National Assembly should be formed outside all the existing structures. Time is needed—two, three, or perhaps more years—before new forces, new organizations, and new leaders capable of undertaking this unusually responsible task will appear. After all, the new constitution will be decisive to the quality of the growth of our country in the first decades of the 20th century.

[Question] This is all the more reason why any random or fortuitous factors should be avoided.

[Answer] But that is what the Sejm is for! This Supreme Body can vote a suitable program of work [on the new constitution] and charge the Speaker with its coordination. What is to be feared? Hardly the size of the eventual National Assembly? Since, e.g., the 19th National CPSU Conference took place in the presence of 5,000 delegates, why not consider a sufficiently large Assembly representing any and every political direction or grouping which desires to join in that work?

But let me draw attention to one paradox. Namely, on the one hand, any activity aimed against the principles of the 1952 Constitution of the Polish People's Republic is inadmissible. But on the other it is already common consensus that certain principles of that constitution must be updated. How then is it possible to discuss openly, publicly, a new constitution when this signifies de facto undermining the currently binding constitution and therefore such discussion is by assumption illegal?

[Question] Do you mean to propose something?

[Answer] Let us discuss the reform coalition more specifically, e.g. with a view to preparing the soil for convoking the National Assembly. And let us agree that

we are questioning certain old principles of the constitution in order to formulate new ones without repudiating the constitution itself, that is, the system of our statehood.

[Question] I listen to your arguments and wonder whether such an idea can meet with broad social interest, let alone support. Is not it too late?

[Answer] Of course, it may be too late, but at any rate it certainly is already high time. If the "progress" of the economic reform continues to be what it is now, the economic nervousness and tensions will preclude any interest in new political concepts. Such is the truth.

Let me remind you of one other thing: democracy does not mean at all that every citizen is to take an active part in formulating political programs. It means rather that the society chooses the program which it believes to be valid.

But it must have the opportunity of choosing.

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**Solidarity Era Defended by Historian; Comments on 'Tardy' Democratization Efforts**

26000014 Warsaw KONFRONTACJE in Polish  
No 4, Apr 88 pp 6-7

[Interview with Prof Henryk Samsonowicz, former rector, University of Warsaw, by Anna Bilska and Stefan Marody: "Interview With Prof Henryk Samsonowicz"]

[Text]

[Question] You are a signatory of "An Open Letter to the Authorities of the Polish People's Republic," which contains recommendations similar to the proposal for the anticrisis pact voiced in our periodical by Bronislaw Geremek. What do you think of the chances for an accord?

[Answer] The experience of years past, and that much earlier experience, indicates that there exist basic goals which can unite people with extremely different orientations and programs of action. Then a kind of accord is reached, a union intended to resolve crucial issues. This is how it was in 1956 and in 1980. This has happened so many times after 1939, if not still earlier.

It appears that at the moment the basic goal is to overcome the crisis situation. In theory, this should matter to everyone, but in practice this issue is approached like the issue of disarmament. The mistrust is so extensive and the caution and distrust of goodwill so far-reaching that so far the prospects for an accord are as yet nil. Current events, trivial as they may be sometimes, give the lie to official announcements and declarations—not only those of the authorities but, as I wish to emphasize explicitly, of all the other parties. Still, this



is at its clearest on the part of the authorities, and that has to be stated explicitly. Why? Because the authorities bear a special responsibility for all that is happening. The commander-in-chief is responsible for the course of the battle regardless of who suggests to him this decision or that. The authorities have the greatest opportunities for gaining publicity or accomplishing their objectives. Nevertheless, so many other parties are involved that also do not back their declarations with credible deeds or even undermine trust in their declarations. In a word, safeguards or agreements serving to unite those—of a certainty not always—diverse social forces should be explored. This should be done as rapidly as possible, perhaps even rather hastily. Every month of delay produces grave consequences by exacerbating the crisis conditions. This is even worse than a stalemate; this situation of sliding down a steep slope, especially in the economy, which entails various consequences to the collective psyche.

[Question] What specific measures could resolve this stalemate?

[Answer] It seems that one way of demonstrating goodwill, releasing positive social forces, is to permit freedom of associations. This would not mean, of course, some seizure of power; rather, this is a question of channeling the efforts of individuals, for at present individual initiative is, in an overwhelming number of cases, doomed to failure owing to too many bureaucratic and financial barriers and restrictions. In comparison, the ideological barriers are not as tall, because we have the age of ideology behind us now.

Who is it who refuses to register the Society of Friends of the School, the Academic Society of Warsaw University, or the University Foundation, and why? I am quite conversant with the mood of the students; they are interested in forming an organization which they would feel to be genuinely their own. Were such an organization to arise, it could be to them a school of self-government and a way of having a say in the fate of study majors, departments, or the entire university. I believe that this would produce nothing but benefits.

I can understand the fears of the authorities when it comes to group activity, but it seems to me that even a very bold policy in this respect shall in no way undermine the foundations of the system of society. The experience of the last 3-4 years demonstrates that it is precisely radical and resolute measures rather than half-way ones that produce favorable effects.

[Question] Many people oppose this view. They ask, why multiply new initiatives when the traditional organizational forms are not being utilized?

[Answer] We exist in an extremely difficult, crisis situation. Properly speaking we can afford just one luxury, that of psychological comfort offered by the possibility of speaking out and formulating postulates. After all, no

suitable framework has been created for various organizational possibilities, including economic activity [free enterprise]. The present regulations are either too confining or unsuited to the needs, so that it is like a straitjacket. The rising generation is exploring (just as, surely, the authorities are) forms of action that could produce solutions. We have almost no experience in this field. It is surprising yet also characteristic that a system of society termed revolutionary has created an incredibly conservative model of a closed culture. Until recently, most government officials—though not only they, since this stance also characterizes other milieux, including oppositionist ones—adhered to the maxim that the future is a repetition of the past. Yet the present moment demands a totally new approach—resorting to solutions previously not applied. How then can totally new situations or new forms of action be wedged into the framework of the regulations in force which, according to opponents, has already been created, as it were? We are still exploring them, and so does, more or less capably, every group attempting to find a way out of the present situation.

There are no wise men here! There is no ready-made doctrine, ideology, prescription, or practice. We must ourselves invent and develop new forms of social organization.

Another major point is that such associations would raise a louder voice about all our ills. I am hardly being original in pointing out that a weakness of the current administration is that it is accountable solely to its superiors. When an official commits a misdeed he is always accountable for it to his superiors and never to his subordinates, including sometimes even those who formally appoint him. This must change! We read official declarations that personnel policy should gain broader social approbation. This will happen once that policy is adequate to the needs in the intellectual sense, in the sense of efficiency and quality of the persons holding executive positions. But who is to decide on this? I believe that it is those who are affected by the consequences of this policy that should be responsible for it.

[Question] Then also there is the time factor, a factor that is particularly close to you, Professor, sir, as a historian. The authorities claim that they are democratizing themselves at a pace that is mindboggling to them. For example, from their perspective, the recent decree on people's councils marks an advance because it provides for multicandidate elections and introduces an alphabetically ordered slate of candidates. But a segment of public opinion views this as an initiative that came at least 4 years too late. Thus the expectations are greater than the decisions, and both sides accuse each other of failure to exploit opportunities.

[Answer] Of course, many measures have been taken tardily, and I question whether the delay is as short as 4 years. What does it matter whether two, four, or eight candidates compete for an office if they all represent the

same orientation so that choosing among them is essentially only a formal privilege? The possibility of choosing among several candidates would have been an excellent solution if introduced 15 or 20 years ago. We are a generation late with introducing it.

The misfortune or, let us say, weakness of this system consists in that certain decisions it takes in the right direction erect additional psychological barriers owing to their tardiness. By analogy, what good are weather forecasts for the previous week?

Certain measures taken in recent years show that in some respects the authorities are ready to take a step forward and show initiative. But of a certainty they are doing this too rarely and not very consistently, and I am not sure whether they will do this on an overall scale. After all, there exist not only national but also local authorities, especially in Poland which is, or at least used to be until recently, a loose federation of voivodships. Now it is somewhat different in the sense that we probably are dealing with a loose federation of gminas [townships or parishes].

It is being declared that a return to the pre-August situation [August 1980, the rise of Solidarity] is unlikely, but just name to me the gminas or voivodships which adhere to this declaration. The point is that all the attempts and efforts, which I do not ignore, relate to a system that exhibited serious signs of wear already in the 1960s. To my colleagues who specialize in modern history there is no doubt that already the year 1968 was a symptom of the crisis. Of course, much has changed; Kuron and Modzelewski had been jailed for writing their open letters, whereas now hundreds of such letters are being publicized, their value thus being cheapened as it were. I can mention this because I myself have signed a couple of such letters. Well then? Nowadays one does not go to prison for such letters; they even are being reprinted, sometimes with a commentary and polemics discussing their good and bad sides. Thus some progress has taken place.

But, to return to the starting point, had the reform of electoral law and the elimination of officially appointed candidates been introduced in the 1970s, that would have been evident progress, whereas nowadays totally new solutions have to be explored.

[Question] As a university teacher and an educator, you are able to keep track of generational change. What are the new aspects of the situation of university youth?

[Answer] Youth lives in a system that had been created for completely different conditions and on the premise that the higher the educational background the higher an individual's social ranking and prestige. It turns out that this premise is not at all in accord with the reality. A boob who just barely scores a C-average (or does not score even that) but who is a resourceful individual in terms of, say, early capitalism, gains not only a higher

income, as has always been the case, but also a greater social prestige. Why then should one burn the midnight oil for 6 years plus the years of internship and specialization in, say, medicine?

The division of various disciplines into applied and basic has been tragic in its consequences and fundamentally fallacious. It was the applied disciplines that counted, since it is they who were to pay off. We know how they have paid off to this country. I am not an enemy of the sciences that find direct application; we would never get anywhere without chemistry, elements of physics, mechanics, and computer science. But what branch of knowledge is more applied than that which trains teachers? Without elementary and secondary schools at a proper level there is no point to mentioning any new society, combatting drug abuse and alcoholism, and in general elevating the level of culture; there is no point either to discussing adaptation to the requirements of the modern world.

And how are we teaching youth to think? By its very nature, history should teach dialectical thinking, but, in secondary education (let alone elementary) it denies its own nature as it were. History as taught in schools consists in a kind of generally unquestioned catechism. There exist versified catechisms of the 15th, 16th, and 17th centuries which contain the question, "What is five?" and the answer, "The Lord suffered five wounds." Already Galczyński [the Polish Ogden Nash] had ridiculed this (in 1947 that was still possible): "Soup? Tomato. Democracy? People's. We shall not yield? The Odra and the Nysa. Cyrankiewicz? The Bald One."

At the universities the situation is dramatic. We are aging and, as known, old age means sclerosis. Unless there is some radical change, the generation gap in Polish academe will become irreparable, and let no one say that the solution consists in establishing new higher educational institutions in smaller localities. Of course, they, too, are needed, but, in the sense of needs meeting certain international standards, centers with a continuing tradition must exist. If we establish a university in, say, Kazimierz Dolny, it will not be able to even approach world standards.

The rising generation sees no prospects for a career in research and scholarship. Any such ambitions it has are immediately humbled. The traditional forms of action within the framework of culture, at traditional institutions, have ceased to be workable and, above all, they do not assure any decent standard of living. Hence, here too new directions have to be explored.

[Question] You raise the issue of the status of the intelligentsia in our society. Several years ago, during a strike demonstrating solidarity with WSI [Higher School of Engineering] students in Radom, it was written, "The academic community has succeeded in initiating the process of reconstructing academe as the locale of an



authentic rather than merely decreed joint participation of faculty and students in creating the social value represented by knowledge." Has this maxim been devalued so radically?

[Answer] No, things are not that bad. I don't want to speak on behalf of other universities, but I happen to know that at some of these the situation is similar to that at Warsaw University. Despite everything, that feeling of partnership still exists. Among the older generation of scholars, those already approaching retirement age, the mood is the same or similar to that reigning among students. University life nowadays is so different from that postulated in the early 1980s that there is common consensus, though. I won't say united action—in favor of exploring some *modus vivendi*. A university cannot, owing to its very nature, be a democratic institution: there has to be a master craftsman, a journeyman, and an apprentice, but they together should form a corporation, and that is what a good university is like—except that a good university does not exist as an atmosphere alone. Legislation also is important.

Certainly, not all the proposals offered or followed up 8 years ago were right and properly thought out, but some of them not only were right but also proved themselves, e.g., the right to free choice of an examination and examiner, the right to choose the subject of laboratory or workshop exercises, and the right to choose the foreign language. Unfortunately, there is a growing number of memos distributed by a university administration that has forgotten the first rule of Hippocrates: "primum non nocere" or "Above of all, do not harm." That is a rule that should be followed not only in academia but also in science in general. Some university administrators remind me of those French emigres in Coblenz about whom Marx wrote that they forgot nothing and learned nothing.

But as for the university community, it does exist, although it encounters obstacles ensuing from, among other things, the administration's real or imaginary apprehensions of any excessive student autonomy.

[Question] Professor, sir, what do you think about the political culture of Poles? Are we, in the sense defined by the poet Norwid, merely a national flag, or are we a society?

[Answer] The political culture of our ancestors 200 or 300 years ago is now largely unsuitable. The times and needs and requirements are different. But the question arises, when did not have a chance to learn political culture and, in general, what does it mean, "political culture"? It means ability to participate in governance, and hence also shared responsibility and shared decisionmaking. I wish to emphasize very strongly this aspect, this active participation and the status of first-class citizenship that goes with it. All this makes for one formula, one foundation.

When were we supposed to learn it? As of the end of the 18th century we had lost our statehood and thus we could learn political culture solely in service of the Partitioning Powers, but that was not our culture. In 1918 we had a tradition of not just three but more kinds of government [German, Austro-Hungarian, Russian, etc.], and hence not just three but more varieties of legislation and traditions of governing, and of everything else was well, considering that the even the railroad track gauge differed. And before we learned the culture of governing we had experienced extremely difficult moments, including the assassination of the first Polish president [Narutowicz, 1922], [Pilsudski's] coup d'etat in 1926, and Bereza [a camp for political prisoners, including communists]. Then the war came, a war that turned opposition to the existing authorities into a virtue, and justly so, because that was a prerequisite for survival and for saving dignity and the supreme values. And later...when could we learn political culture?

According to some members of the ruling circle political culture means ability to listen. This is besides disastrous to not only those who listen but also those who want to be listened to, for they become completely isolated from reality. And history—the history of the recent millennium in Poland and of the last 40 years as well—points to this explicitly.

Mention is being made of the 15 months of chaos during the Solidarity period. Certainly, there also was chaos, but I must say that, as I see it, during the first 12 months the political culture of the society was complemented at a lightning pace. Groupings which in September 1980 had behaved like gangs of preschoolers gathering to articulate their frustrations and complexes, had within a few months matured to university level. In the immediate postwar period accelerated school courses cramming a year's studies into a semester had been introduced. But during the Solidarity period a year's studies of political culture had been crammed into a trimester or a quadrimester! People were learning chiefly to accept responsibility, to make decisions and to know how to implement them, and they also were learning about legality. By the same token they felt themselves to be accountable for both their own rights and those they wanted to recognize.

This is not an easy process; it is lengthy and requires acknowledging the primacy of mankind as a whole, because if I can only decide how to cultivate my own garden, the other side of the street will be of no concern to me.

But I am an optimist: that dormant trove of thus acquired knowledge can be recalled very easily once the occasion arises.

**Historian Described as 'Whitewashing' History  
Defends Past, Current Research**

26000034 Poznan WPROST in Polish  
No 35, 28 Aug 88 pp 4-6

[Interview with Prof Wlodzimierz T. Kowalski, historian of current events, by Piotr Andrzejewski and Krzysztof Golata]

[Text]

[Question] To the average reader your name is associated mainly with two things: the screenplay for the television series "Before the Storm" and the attacks on you at the beginning of the 1980's, when you were counted among those who "whitewashed" our history very abundantly.

[Answer] I must tell you that the attacks that were and still will be assumed when raising various painful issues from the fringes of history and politics are not something unexpected for me. We know, after all, that our forebears did not choose a place in the sun, that as a nation we live under specific geographical conditions and that in history in general it is hard to find countries which, having shared borders for centuries, did not co-create dramas saturated with blood. All this leaves deep residues of various emotions in the public consciousness. Unfortunately, it is no secret that our countrymen have the habit of being offended by facts, including those stemming from geography, and not realizing it. They are also deaf to the famous maxim of Herodotus which says: "If you cannot tolerate your neighbor, destroy him. If you cannot do that, you have to like him." Let us add: if you cannot afford either one, then you are out of the game, boy, and become not a subject but an object, maneuvered by both sides.

[Question] All that is true, although it sounds neither pleasant nor encouraging.

[Answer] Indeed. In raising issues that are terribly unpopular with the public on television—Polish-Soviet relations or Soviet policy, for example—I was aware that various epithets directed at me were heaped in front of the glass screen. That is how it is when recent history dovetails with current policy, and current policy in Poland is mainly emotions.

[Question] But these emotions are also fueled by the oversimplified—to put it delicately—picture of Polish-Soviet relations or in general the image of the beginnings of our postwar statehood that was served to us here for many years in history classes and the media.

[Answer] Someone once said that in Europe there are no two nations that look at the present so strongly through the prism of history as Poland and Ireland. And indeed one can find many similarities amid the historical ailments of both countries. The drama was that Poland came out of World War II beaten, and the political forces

that took over the government passed into the past and tradition with exceptional brutality. Criticism of traditions is certainly the right of every new government that sows its identity on that basis. But in this case all limits were surpassed, by offending the people and attempting to fight everything in the picture of the past, the remembrance of which could elicit associations of one kind or another.

[Question] Did this result from the mentality of the politicians of that time?

[Answer] Their stupidity, lack of imagination and opportunism were one thing. The other was a lack of an opposition party. For if it exists, it never allows the slashing of history or surgery on the living organism of the past, history and national dignity.

[Question] You are not consoling us much. Even if we have more enlightened politicians today, it is that much harder to imagine the emergence of a legal opposition party in the near future.

[Answer] Well, Jaruzelski and Gorbachev showed in their recent joint declaration that one can approach these difficult issues under a one party system as well.

[Question] Let us wait for the results of the joint commission's research. But let us look at this whole issue from the point of view of the historian's frame of reference and his opportunities for publishing.

[Answer] Gentlemen, frankly speaking, anyone who entered this field was aware of the limitations. Including those who did it before the war, when writing about the period after 1926. One could only write good things about Pilsudski. Otherwise the censor confiscated the text. Take for example, the prewar KURIER POZNANSKI where entire pages were blank.

[Question] That was before the war; how about afterwards?

[Answer] After the war there were no blank spots in the newspapers but censors, operating according to political instructions, opposed this or that in accordance with the directions of changing politicians. So the historian knew from the outset that he could not tell the whole truth, regardless of the fact that becoming familiar with it is always merely a process—an approach to the absolute.

[Question] Did your awareness of these limitations not discourage you completely from this profession?

[Answer] Well, I felt that even though I could not write about certain things I knew, the subject with which I am involved is so important to the interests of the state and nation that I had to do it.

[Question] Really?

[Answer] Naturally, I could have said, forget it! I will take medieval studies or international law—because I am a lawyer by education. But if I, along with other, had taken that attitude, today we would be in the same situation as the Hungarians, Bulgarians or Rumanians, who do not know what the conference in Yalta was, what was decided there, etc.

[Question] But to go back to the question of limitations. Did you impose them on yourself or did you encounter obstacles in publishing various materials?

[Answer] Gentlemen, I knew that there were several issues that one simply did not overlook in those years, the 1960's and 1970's. They were Katyn and the deportations of Poles after 1944.

[Question] And the secret protocol in the Ribbentrop-Molotov pact?

[Answer] It was published previously in 1964 in the first volume of "The History of the Great National War" on page 252.

[Question] But later it was no longer printed. Last year you were the first to be able to quote its contents in ZYCIE LITERACKIE.

[Answer] I think that was possible because of editor in chief Wladyslaw Machejek, who made enormous efforts. The other thing is the fact that I did not sensationalize it, but rather tried to rationalize the issue; note that the text of the protocol was quoted in a series of my publications in ZYCIE LITERACKIE. I always tell my students: Remember that history likes to repeat itself. So one has to analyze very carefully the background of the Ribbentrop-Molotov pact. Besides if we, like blacks in the jungle painting themselves green, are going to run around the fire and cry: they negotiated a pact with a secret clause! they acted contrary to the rules they announced!—then we will understand nothing and at best will be set up for another Ribbentrop-Molotov pact.

[Question] Naturally, except that that "running" is a consequence of earlier concealment.

[Answer] Certain it is also a consequence. But to all those who want to discuss this subject with me, I say let us not treat tough, delicate historical facts as a reason to escalate emotions. That is not what history is for. The historian must look at everything with a cold eye, which is not typical of Poles.

[Question] You, as a historian who has had access to sources, can allow yourself that coldness. But it is hard to be surprised by people who have been told officially for many years that this or that did not happen or that they react emotionally to disclosed truths.

[Answer] I will tell you what I always say. Those who wanted to know the truth knew it.

[Question] But is hard to demand that there be 36 million amateur historians in Poland.

[Answer] In August 1981 I had a meeting with teachers in Bielsko Province. The meeting was expected to be difficult, the company arrived inflamed—the subject of the meeting was Polish-Soviet relations. At the time I put the matter this way: for the majority of the Polish intelligentsia, Polish-Soviet relations from 1917 to 1945 consisted of: the miracle on the Wisla, Rapallo, the Ribbentrop-Molotov pact, 17 September, the deportations, Katyn, the Soviet army's deliberate halting and deportations again—of Home Army soldiers after 1944. That is it. Yet the fact that 600,000 Soviet soldiers died on our soil in order to reach Szczecin, Wroclaw and Berlin does not count at all!

[Question] But it is too bad that the events you mentioned are known not from history textbooks, but mainly from verbal transmittals. In your publications on this subject, has anything ever been deleted or has a given publication been disallowed for publication?

[Answer] Nothing has ever been held or deleted. Except that I have always tried to act like a person who walks the line, without a stick in my hand. I knew the limits very well, even though I sometimes exceeded them in rationalizing certain "difficult" issues. Yet my only guide was the country's *raison d'etat*.

[Question] Yes, except that in Poland numerous decisions, in matters of publishing for example, are frequently made by people who equate the state's interests with their own. Have you had an effect on these decisions?

[Answer] I have simply always tried to suggest a choice of wise critics to the publishing houses. In this way I got to know Ryszard Frelek who has helped me in many matters. Later when he became a party leader, we worked together to create the screenplay for "Before the Storm," in which the picture of Poland's prewar diplomacy contradicted contemporary official stereotypes that they were fools, traitors or that they sold out Poland, etc.

[Question] But there were no facts in it that are talked about today.

[Answer] There were not.

[Question] So it is hard to say whether, because of that series, you won more proponents or opponents.

[Answer] At the time, judging from the letters, it was mainly proponents.



[Question] But by concealing certain things in the series and your other television appearances, you also contributed to the "whitewashing" of history. Later, at the start of the 1980s, the odium of public dissatisfaction fell on you to a great extent.

[Answer] Well, it is easy to say now that at the time I felt there would come a time when one would be able to talk more and more openly. But it was easy to come to that conclusion by observing the process of denying our history from 1945 through 1956 to the time when I started to get out here and there. In any case, I have tried to be faithful to the principle of telling the public as much as possible the facts it does not know, and even if some of them are overlooked for one reason or another, then at some point they will be added and a complete picture will emerge.

[Question] In your opinion, what social consequences will the final clarification of the Katyn affair bring?

[Answer] I do not think this clarification will surprise anyone, just as none of the readers of ZYCIE LITERACKIE were surprised by the facts disclosed there, judging from the insignificant number of letters.

[Question] But do you not think the lack of response may result from other causes. In 1981 there was no surprise either, but how many emotions did the issue of Katyn and the past arouse. Today, worn out by crisis, we are somehow less passionate about "blank spots."

[Answer] I would associate this only with the economic situation. We must remember that in 1981 a situation emerged wherein history served to arouse emotions. It seemed to many millions of people that it would create great prospects. As for me, I looked at it, as did my colleague from London, Jan Ciechanowski, with skepticism. We did not believe anything could come of it. I remember well how we sat together over a beer at the Polish Fireside in London and wondered—what chance does all this have? We were in agreement that it had almost none.

[Question] So history drags after us constantly like a ball and chain, while the civilized world escapes us faster and faster.

[Answer] In spite of everything, I think that if nothing totally unexpected happens in the coming years, especially nothing disadvantageous to Poland, then we will gradually move out onto the path toward becoming a normal, ordinary nation of Europe, such as Czechoslovakia or France, a nation to whom the word "impulse," so popular here, will be foreign. Perhaps the state in which we now find ourselves is a necessary fever that must be endured in order to recover.

[Question] That sounds optimistic. But one wonders what other blank spots might surprise us on that path to "normalcy."

[Answer] During the bourgeois Benes governments, Czechoslovakia questioned the final nature of the Potsdam Pact. Yet the matter is somehow not remembered. Well, I can only say that I believe that shutting the mouths of all those who would like to speak up about it is, both from the standpoint of national dignity and the public's political health, highly reprehensible and may produce consequences contrary to those anticipated.

12776

### **Reader Sees Authorities as Blocked From Action by Old Thought**

26000016b Warsaw KONFRONTACJE in Polish  
No 3, Mar 88 p 30

[Letter to the editor by Tadeusz Boguszewski: "What Is Worth Doing?"]

[Text] I read the first issue of KONFRONTACJE, and I think that we need this type of magazine very much. For Poland right now, the most important thing is the success of the second stage of the economic reform. But does the reform have a greater chance without society's active participation in its realization or without agreement by those concerned in tightening their belts for several years.

I see three basic prerequisites for generating a positive attitude in society: greater democratization of life at the national and plant levels; equal distribution of the burden of overcoming the crisis; and removing the huge number of barriers and ineffective laws which in spite of the many years of reform still hamper the economy.

In achieving significant progress toward reaching agreement with the portion of society in opposition, the following have hampered the authorities:

1. The assumption that in political issues the current authorities have made no errors, in effect criticism is limited to a lashing of the so-called blockheads.
2. The authorities' avoidance of many centuries of experience in the field of democracy and dependence on their own measures (socialist pluralism, direct democracy), which have not proved effective in operation.
3. Not allowing the formation of organizations other than those formed by the authorities and the Church; this distorts the political life of the country, and it was the cause of the excessive politicization of Solidarity and drew the Church into political matters.
4. The overly slow introduction of changes; I remind you only of the many years spent delaying price increases (until 1982), the overly late halt in making payments on our debts, the delay of the political amnesty, of essential reform of the election law, etc.

I am afraid that the changes in the election law now proposed already do not respond to the times or to the aspirations of society, which wants to have the ability not only to choose between two candidates but also to influence the nomination of candidates. One solution is to nominate candidates at pre-election meetings. This brings with it the need to vote at these meetings when the number of candidates is too great. Another advantage of this method is that consultations glorifying candidates could become authentic confrontations of conceptions. This solution has been used in Hungary, and it has not destroyed the relation of forces in the representative bodies. It also seems useful to permit the nomination of candidates by organization and groups operating outside of PRON, the Club of Catholic Intellectuals, [censored material] (Law of 31 July 1981, "On the Control of Publications and Performances" Art 2 point 6 (DZIENNIK USTAW No 20, item 99, amended 1983 DZIENNIK USTAW No 44, item 204)) on the condition that the constitution of the PRL is observed. In this case, it would be necessary to assign the above mentioned a definite number of positions and to ensure them participation in the election committees.

The common bearing of the costs associated with overcoming the crisis not just consist of limiting the privileges of the governing layer, which Ryszard Bugaj mentions, but also of limiting the excessive profits of the private sector. It is difficult to accept that one receives much less for work in a state institution than in a private firm. But let us be frank: if someone earns many times more for an honest business or efficient labor, so be it; the only limitation should be a progressive tax and competition, even if by the state. If, however, large earnings are drawn from serving as an intermediary between state firms and executors who are employees of state firms or contracted by these firms, this is a pathology that must be combatted.

13021

**Attempt to Rationalize Unemployment Attacked**  
26000016c Warsaw KONFRONTACJE in Polish  
No 3, Mar 88 p 30

[Letter to the editor by S.K.: "To Get Off Halfway"]

[Text] Unemployment! But of course, decree it and as quickly as possible. But that one change must bring others behind it. For example, complete reprivatization. If the editors can I would personally ask for assigning me Polmos. You say that it is immoral to grab the most profitable enterprise in Poland. Agreed. As a result, I will also accept the Katowice Steelworks. This second acceptance is an expression of my social attitude, pure gain for the state. First, I will take only half of the subsidies, so the state will save another 50 percent. Second, I will close the steelworks, and immediately we will have a couple of battalions of unemployed, who, as I see it, are to be the remedy for our poverty-stricken labor productivity.

But a little more seriously. If you pose the question of eventually introducing unemployment, then you should first of all pose the question of changing the constitution, and as a result the order. The most convoluted causistry, the most jesuitical proofs will not change the fact that the unemployment proposal is equivalent to questioning one of the most basic postulates of socialism. This is not a proposal to modify socialism and adapt it to conditions at the end of the 20th century. One cannot get off of this egg without damaging the shell. I do not doubt, however, that you will gain many votes for the introduction of unemployment; people who write letters to the editor are rarely ever threatened with losing their jobs.

Parenthetically, practically speaking, the remedy for the illnesses, which would cure unemployment have already been described in the principles of the reform—putting the labor market in order through appropriate wages.

Why does a decent worker not receive 10 or 20 times more income than a person who works two months a year, but in three institutions, or a person who works perhaps the whole year but two-thirds of the time with a bad hangover, or a person, to take an example from the other side of the occupational hierarchy, who first managed a housing cooperative, then all of construction (everything after 1982) and then landed among the ambassadors. Yes, I see the paradox of the above collection, but if a president, minister, or ambassador must perform these functions, then let a decent carpenter earn 10 times as much as him.

And the labor market. Job certification was to order this market. And what? Last year, the press was full of "ohs" and "ahs" on the subject; today dead silence....As I know the mass media, this means that this entire effort, speaking euphemistically, burned out. To be sure, we had a reorganization of the center, but what about the 2.4 million employees of the economic administration, which it seems Premier Messner mentioned a year ago in a speech.

I claim that work in Poland is available for everyone; we only need to organize the business and do it. A rank and file worker will not do this. This is a task for the higher bodies, responsible for the reform, and then for the intermediate links, and also for management....

After this attack on "ideas for unemployment"—which is a result of my ideological options—I will be called, politely, a fundamentalist, or less politely, a blockhead. So be it, I have become accustomed to the fact that there are no less tolerant people than those who announce their liberalism, who trumpet the need for pluralism. Nevertheless, I emphasize again, unemployment excludes socialism. You cannot get half way off of the streetcar and not half way on, referring to the saying of an outstanding politician, who got off and had enough civic courage to say that he had gotten off.

13021



## YUGOSLAVIA

### **Rallies on Kosovo Issue Defended as Class Oriented**

28000005 Belgrade DUGA in Serbo-Croatian  
3-16 Sep 88 pp 10-11

[Article by Ilija Rapaic: "On the Class Character of 'Kosovo Assemblies': The Nation, the Elite, and the Rulers"]

[Text] Rallies of solidarity with the persecuted people of Kosovo (Novi Sad, Pancevo, Nova Pazova, Titograd, Kolasin, Titov Vrbas, and others) have elicited fear and suspicion among individuals in the bureaucracy, as well as among the entire leadership. What is the source, all of a sudden, of this opposition to mass assemblies, which have had a positive significance in our post-war life (the Trieste crisis, Tito's speech in Split, solidarity with the Palestinian people)?

What is the source, all of a sudden, of such partisanship and insistence, even from pronounced anticommunists, concerning a resolution by the 16th session of the Central Committee of the LCY (to the effect that protest rallies should cease) when no one is upset about the fact that thousands of resolutions that have been passed about Kosovo since 1981 are not being put into effect?

What we have here are serious political movements, with far-reaching consequences for the bearers of bureaucratized and alienated political power and control. It is obvious that the panic in their ranks is spreading with the realization that what is at stake here is not only Kosovo and the statehood of the Socialist Republic of Serbia, but rather the open conflict between the broadest front of democratic socialist forces and the coalition of republican and provincial oligarchies, which is increasingly assuming a class character.

This is what the zealous analysts of political events in Serbia and their powerful defenders do not want to see. As a reminder to outsiders, these political processes are most often judged by the Croatian weekly DANAS to be a manipulation of the Kosovo situation, the goal being to impose a state of emergency, or they are made equivalent to the mass movement in Croatia in the late 1960's and early 1970's. A commentator for DELO in Ljubljana goes one step further, contending that these processes "are closer to those that developed in Italy in the early 1920's and in Germany in the 1930's." This viewpoint is very easy to refute. However, the thing that is unsettling to the democratic public in Serbia and all of Yugoslavia is a certain fear and distrust of so-called populism in Serbia, which is even being expressed by some serious Croatian sociologists, whose good intentions and dedication to Yugoslavianism cannot be questioned.

Comparisons with the Croatian mass movement are so unfounded that even Aleksandar Tijanic was able to recognize the difference, noting in NEDELJNA DALMACIJA that the Croatian mass movement was pointing its blade of nationalism at Serbs while the rallies in Serbia have neither an anti-Croatian, an anti-Slovenian, nor an anti-Albanian dimension. However, Dragoslav Markovic cannot see this, and it is precisely for this reason that Jelena Lovric is carefully revising the contents of his letter to the Presidency of the Central Committee of the LCY.

The enormity of the difference between the mass movement in Croatia and the current movement in Serbia is adequately demonstrated by the fact that Serbs, Montenegrins, Turks, Muslims and even Croats continue to emigrate from Kosovo under pressure from Albanian chauvinists and fascists, while no one is moving out of Belgrade or Kragujevac, to say nothing of Kosovo, because of "growing Serbian nationalism."

On the other hand, during the period of the Croatian mass movement, Serbs moved out of Lika, Dalmatia and Slavonia. A sad reminder of those unpleasant times is the presence of Slavonian, Dalmatian and Likian settlements in the vicinity of Belgrade, Smederev, Smederevska Palanka and other cities in Serbia. With respect to the similarity in the iconography noted by Tijanic ("flags, slogans, traditional Serbian violins and military caps"), I would respond that none of the Serbs in Croatia have ever felt threatened by Zagorje-style caps or tamburitzas, or by Croatian flags with the five-pointed star, especially if it is alongside the Yugoslav flag, or even by slogans asserting that Dalmatia or Zagorje are Croatian.

With respect to the danger of the imposition of a state of emergency, even a political novice can see in whose interest that would be and who is playing that card.

The fear of "populism" in Serbia and of its spread was expressed at the 8th session of the Central Committee of the League of Communists of Serbia, but no one provided a clear definition of what is understood by the term. Sociologists and political scientists know that populism is a political movement that relies on peasants, artisans and small merchants, so that this expression can be accepted only conditionally, since workers are indisputably playing a role in the political rallies in Serbia.

Judging by all this, what we have here is a theoretical view, according to which society is divided into the ruling elite and the majority (populus) that is being ruled.

In this way, the elite and the people are artificially opposed to one another and separated.

This approach is unacceptable, since every democratic movement strives to absorb the value of the enlightened and talented minority (the elite), and at the same time to control the elite that is running the affairs of state. This idea is included in Plato's concept of a statesman-philosopher.

Similarly, the ruling stratum in our country can no longer be called an elite, because in the original sense an elite indicates a select group, the flower of some society. It would be difficult for it to be furriers, teachers or religious school graduates whose one skill—obedience, but one talent—is a sense for dealing with people. An even greater problem is that the ruling stratum, through a rigorous policy of cadre selection, including special laws modeled after capitalist countries in which intellectuals—communists—are persecuted (see "Zivot i politika" [Life and Politics], Dragoslav Markovic), has persecuted the intellectual elite into strictly controlled ghettos (usually institutes), far from positions of influence over public opinion and affairs of state. In connection with this, one must seriously raise the question of what kind of democracy and society it was—so stubbornly defended today by DANAS—in which the greatest enemies were scholars, philosophers, authors, and intellectuals in general.

What happened with our revolution and our elite is perhaps best described by Vilfred Pareto's political theory about the circulation of the elite. According to Pareto, history is a cemetery for the elite, which constantly circulates, with the new always replacing the old. Pareto believes that after the assumption of power, some foxes sneak into the ranks of the elite for the sake of enjoying the privileges that come with power, and that with time these foxes become more numerous. At the same time, this very elite becomes corrupted. With the departure of the foxes (intelligentsia) from the people, the masses become increasingly dissatisfied, and within their ranks there develop a number of young lions who are ready to forcibly change the social conditions. The elite gradually loses faith in its own mission, and a number of foxes return to the people. Thus, the conditions for revolutionary change are created.

If all this is kept in mind, then fear of the spread of "populism" is unreasonable, naturally except for those whose privileges are being threatened. The fact that affirmation of the popular will and the mass nature of a political movement do not preclude the significance of the intellectual elite in the social and political processes is best demonstrated by the present-day situation in the Socialist Republic of Serbia, and for that reason the fear of the people felt by some Croatian intellectuals is unfounded. Almost the entire Serbian intellectual elite is offering strong support to the policy of the League of Communists of Serbia and to Slobodan Milosevic; in the best possible way—through the public newspapers—this elite is articulating progressive ideas and mobilizing the broadest masses in order to resolve not only the Kosovo drama, but also the entire economic and political crisis.

This unity of all socialist and democratic forces, however, is the most unsettling thing to some members of the republican-provincial coalition. The ruling oligarchy has thus far always succeeded in undermining the beginnings of such processes by producing scandals and fabricating enemies. ("Vojko and Savle," by publishing incomplete analyses, through political trials of intellectuals, etc.) Or, by artificially provoking a fight between party members and the liberal intelligentsia.

Thus, it is clear to any serious political analyst that the original, defensive, political movement among Kosovo's Slavs is increasingly losing nationalist attributes. The forced national iconography even today has sporadic significance. Social and political demands are increasingly occupying center stage. The ruling oligarchy sees this clearly, and is thus afraid of popular rallies.

At the meeting of members of the Coordinating Board of Kosovo Polje and the leadership of the city of Titograd, this was seen most clearly when the city officials in charge of directives of republican and federal management—or rather, several threatened leaders—tried to prevent the assembly at any price. When this failed, they demanded that there be no roll-call. Kosovo's Serbs and those who support them at the protest rallies are increasingly raising their voices against the provincial oligarchy (and against those who have supported it and continue to do so), which has acted in collusion with Albania and squandered money from the Fund for Undeveloped [Republics and Kosovo] for its own housing, expensive cars, magnificent libraries and local culture, SIZ buildings, while the people—Serbian and Albanian—remain without work and bread.

Thus, the article in DANAS ("The Kind of Autumn That Awaits Us") is more than hypocritical when it provides an apocalyptic survey of the situation in our country, while not mentioning, even metaphorically, who has led us into this situation, who must bear responsibility, and why.

Thus, we have criticism of roll calls by functionaries and of protest assemblies, as if the causes of the economic and political crisis into which the country has entered can somehow be found here.

On the other hand, although closely following every move by Slobodan Milosevic and the members of the Serbian leadership, DANAS refuses to see that the economic and political reform that is being set in motion in Serbia is in keeping with alleged editorial policy of that publication, and that that is the essence of the mass political movement in Serbia and of the popularity of the party leadership, and not—as is hypocritically imputed—an outright struggle for a national state.

Thus, what we have here is a class-oriented movement and conflict, and not some form of national patriotism.

## GERMAN DEMOCRATIC REPUBLIC

**Coastal Patrol Ship ASW Exercise Described**  
*23000010 East Berlin VOLKSARMEE in German*  
*No 33, 1988 (signed to press 8 Aug 88) p 4*

[Text] As I climbed the companionway, the main command post presented an unaccustomed picture. The ceiling lights were off. The small red and green lights of the instruments and scales filled the normally dreary, militarily functional, and austere room with a faint but warm light. With its cone of light the lamp on the traverse table conveyed the homey feeling of a desk.

Only rarely could a course announcement or command be heard on the bridge, and even that sounded subdued, nocturnal. Up front the lights were even more sparse. After one's eyes had adjusted to the darkness, figures appeared angular and focused. The faint glow of a cigarette made the usually round face of the commander of the national group of the People's Navy appear pointed. As usual, Commander Bernd Huke sat on his starboard chair, [which was] slightly raised and leaning forward. He faced the room as if waiting to cast some calming words onto the possibly developing hectic situation. But that time had not yet come.

### Loops or Sheepshanks?

Commanding Officer Peter Dziuballe alternately shifted his gaze from the ship's radar scope to the smooth, dark sea—as if he, with his eyes alone, could detect the submarine at the depth of the sea that ship and crew were supposed to locate.

An ASW operation had been scheduled with antisubmarine weaponry. However, the detection phase, the search took precedence over the antisubmarine action. The crew with its ship was now engaged in such a search. The assigned area near the Gulf of Riga had almost been reached. Thus, the atmosphere was not cozy; nor, though tense and expectant, was it testy. Only the demeanor of the helmsman conveyed tranquillity. He was able to keep the ship in the "leading strings" of his rudder, provided only now and then with a change in course by the first duty officer, who moved regularly from starboard to port side and back again—the only movement on the nocturnal bridge.

Barely 3 weeks old, the training cruise had covered about 2,000 nautical miles. Together with the crew of the Berlin, they—the sailors and officers of the Slawny, the Ruhmreichen, the Swirepy, the Grimmigen of the Baltic fleet—shared life on the high seas. Also participating was the Warszawa of the Polish Navy, the command ship of this squadron.

As here, the hydrostations were now manned on the other ships; the helmsmen did their job; the ship's officers and staff specialists calculated the course—their

own and that of the others. Colored geometric figures appeared on white maps out of lines and curves. Out of arrows, triangles, and loops.

The keels of the four ships parted the dark sea during the search for the target, while somewhere a submarine was cruising at unknown depth, with unknown speed. The area covered several hundred square nautical miles and each ship had been assigned a sector. We had reached our sector. Now we had to "graze" it, to search for and find the contact. The 44-year-old commanding officer was an experienced seaman; the trail of nautical miles he had covered could easily circle the equator several times. He had been, as experts would say, "working on the submarine" for 20 years.

Now, as the nocturnal work began, everybody and everything came alive. The course had to be calculated and recorded to an accuracy of less than one-tenth of a degree. Steady radio contact with the other ships had to be maintained so that the detection efforts of others could be utilized. Dieter Dziuballe's ambition was roused once again. His face even more pointed, his small eyes even narrower, he started on his way between the commanding officer's command post on the bridge and the auxiliary hydroacoustic system. Now it was best to keep out of his way. He was waiting for the first report of contact from his hydroacoustic specialists two decks below. Interpreting, evaluating—then the chase could begin. Needed here were experience, knowledge, and imagination.

The hydroacoustic signals that a submarine hunter emits spread underwater. If they meet an obstacle, they are reflected and captured again by the ship's system, visually displayed on a scope, and made audible. Now comes the problem: The temperature of the water is not even, there are so-called inversion layers that cause the signals to spread in different directions. Obstacles also reflect signals in different ways. Has a wreck been detected or is it really the submarine? And when a submarine stops its engines, well, then everything is altogether different. How best to capture this submarine? Should I maneuver my ships in loops or sheepshanks to allow my signals to cover the search area most effectively? Finally, imagination: The captain of the submarine knows when he has been detected. Now the one who is on the water's surface must guess what the one who is below will do to escape.

### Soundings and Distance

The clock to the right above the traverse table showed 0140 hours—night and Moscow time. I avoided looking at my wristwatch and quickly suppressed the emerging thought that "it is really only a quarter to twelve." It would have been self-deception since I had been on my feet for 20 hours, and it is unprofessional not to advance one's watch by 2 hours. Was it laziness? The body took revenge by resisting since the resulting constant awareness of real time caused problems. When getting up it was 0445 and not 0645, and at noon the mess table was



not set for the meal at 1130 but at 0930. Now, after completing two-thirds of the journey, the mind was tired of this "double life" and opted for the ship's time.

Long forgotten was the ship's midnight snack during the middle watch. Somebody had been sent to the guests of the party at the main command post with something to drink. Tea and coffee were "served," which allowed a few seconds of relaxation. So far none of the ships had reported a confirmed contact. Rainer Evert's map of the course of the individual ships came ever closer to looking like a cubist-inspired painting. From the combat information network Russian sentences tumbled into Lt Fiedler's ears.

0148 hours: "Report of a second contact in 168/25." Thus, the Swirepy had taken a bearing. Lt Commander Evert performed artistic feats with his full-circle pivoting ruler and recalculated the reported degree and distance information of the cable's lengths into his own position fixings: "Contact from our position in 55/16." Thus, the submarine's distance from us was 16 x 185 meters.

It was—as in many such exercises—like a violent thunderstorm: intense but brief.

"Bearing and distance of the second [ship]?"—"8/34;" "of the third?"—"197/33." Finally, the report from below: "At 64 degrees faraway propeller sounds—the watch continues."

His face somewhat more relaxed, his voice less sharp, Dieter Dziuballe acknowledged: "Yes, continue your watch."

In the hydroconsole, really not much larger than a cabinet, Master Michael Schmeichel tried to establish contact. This was the second submarine chase in close succession, and he had been sitting with his equipment for almost 6 hours. Next to him, PO2c Hauptmann and SS Werner alternated at the display scope. It was warm down there, about 40 degrees Centigrade. Concentric yellow circles with brief impulse interruption spread endlessly on the display scope of the hydroacoustic system. In the darkness of the command post their yellowish glow became ever more intense and began to irritate the eyes. Rather otherworldly sounds emanated from the loudspeaker. To the untrained ear they were nerve-wracking cheeping, scraping sounds, interspersed by sounds resembling kilohertz. From all this the three—some tried to filter out reflections from a submarine. A hard, metallic sound and a bright spot behind the yellow circular impulse would be confirmation. When was it right to report? However, at the moment the "image and sound" reflected only interference. This was sweaty work—and one might wish away all the information about attenuation mechanics, doppler effects, inversion layers, and the six classification characteristics. Master Schmeichel picked up the microphone and reported an assumed contact. Steady inquiries now came from "above" to help fix one's own course.

And again: "Attention! Zero!"—"125/15." Dieter Dziuballe viewed the auxiliary scope critically, experience

and knowledge came to his aid: "Please check carefully, this is not a contact!" Who knows what it was that had been reflected. The 23-year-old hydrotechnician still lacked some experience and also opportunity for experimentation, which sharpens the "seventh sense."

0205 hours: The other ships, too, still searched in the darkness. 0215 hours: The third [ship] reported contact at 43/32. The map showed the direction from our position: 199 degrees, 33 cable.

Master Schmeichel a little later: "Contact at 71/24." The commander checked—"This may be it."

A little later: Directive from the first [ship], the command ship Berlin: "Accept the values from the third [ship] and execute attack."

0217 hours: "Fire!" The reactive water bomb ignited, the missile's drive guided it to the target. The ship vibrated, lowering its bow slightly as if relieved of a burden.

A little later, after emerging from below, the submarine commander confirmed the hits of the exercise missiles of the participating ships.

12628

#### **Ideological Struggle Necessary Despite Peaceful Coexistence**

23000002 East Berlin VOLKSARMEE in German  
No 33, 1988 p 11

[Unattributed article: "Peaceful Coexistence Is Hardly Ever Ideological Coexistence"]

[Text]

- Is peaceful coexistence actually the only possible form in which nations with different social systems can live together?
- How does the policy of peaceful coexistence agree with the ideological difference and contrasts of our time?
- Is peaceful coexistence a process neutral to ideology?
- What do defense readiness, vigilance, and ideological conflict have to do with one another?

On the assumption that peaceful coexistence between nations with different social systems can only be realized against the opposition of the most aggressive circles of imperialism, we want to work out together a viewpoint on the position occupied by the struggle of the ideologies and the attitudes this requires of us. The following issues could play a role in the discussion:

#### **Peaceful Coexistence Is the Only Sensible Alternative**

The peace policy of the nations of the socialist community is based on a firm fundamental concept, which has

proved itself throughout decades: the concept of peaceful coexistence established by W.I. Lenin. It is aimed at excluding force and war as means of solving international conflict issues. Relations between the nations are to be formed on the basis of the principles of peaceful coexistence: observance of sovereignty and equality of the states, as well as their territorial integrity, nonintervention in internal affairs, the right of the peoples to self-determination of their political system and on equal rights in cooperation.

In view of the present danger for the survival of humanity and of the mutual dependence of all nations on each other, peaceful coexistence has become the only possible and sensible variant of international politics.

Peaceful coexistence does not alter the essential economic, social, ideological and political differences. It does not take up the conflict between socialism and capitalism. It assures both sides the opportunity to develop their answer to those challenges which face the human race. The policy of peaceful coexistence pursues the goal of solving the acute conflict between the nuclear threat and people's longing for peace. It must be realized in the tough struggle against the embittered political and ideological opposition by the most aggressive circles of imperialism.

The showdown around the realization of the principles of peaceful coexistence takes place primarily on the level of international relations. But it is also taking place in the ideological area. Different and opposite ideologies, in which class interests are reflected, are involved and clash against one another. The ideological conflict is a fixed component in our struggle to realize the policy of peaceful coexistence. Compromises or coexistence in this area, in the sense of abandoning fundamental ideological positions, the task of the class attitude or even renouncing Marxist-Leninist ideas, are neither possible nor required in this context. This opens up the question of the most important content, forms and methods of the ideological conflict.

#### **Promoting Peaceful Coexistence Through Ideological Conflict**

In the struggle to realize the policy of peaceful coexistence, ideological conflict is an unavoidably necessary and immanent component of the conflict of systems. In this conflict the forces involved bring out their very concrete interests, seek to implement them theoretically and then to realize them in practice.

But the ideological differences and contrasts need not and must not be converted to the forming of relations between the nations in a manner that endangers peace. This means:

- Renouncing the attempt by means of foreign policy to force upon the other side one's own ideological opinions, and to make international agreements dependent on the recognition/nonrecognition of the ideological opinions of the negotiation partner.

- Not bringing irreconcilable ideological differences into play in such a manner as to be contrary to an atmosphere of confidence and understanding, thus rendering political solutions to controversial issues impossible or more difficult.
- Not turning the fundamental ideological positions of the other side into a reason for bringing about a military "solution" or for interfering in its internal affairs.

The ideological conflict must be undertaken in a form that promotes and furthers the process of realizing peaceful coexistence. This requires primarily that the most aggressive circles of imperialism break loose from their outdated confrontational thinking patterns, from striving for military superiority and "deterrence." This form which is typical of their way of dealing with ideological conflicts—ideological war or psychological warfare with its anticommunist threat cliches and defamations, with agitation and hostile imagery, as well as with attempts to undermine socialism from within—must give way to civilized forms of ideological struggle. This is why a conduct of ideological struggle must be developed which does not suppress the differences, but which nevertheless makes arguments about these differences possible.

Peaceful coexistence is therefore in no way equivalent to a standstill of the ideological conflict. On the contrary; it requires the involvement of all the powers of socialist ideology. What is needed is an offensive of our ideas. This presumes exact knowledge and acceptance of the basic ideological concepts by those who have different opinions. We undertake this struggle with all the forms of manifestation and varieties of bourgeois ideology. It takes place in all areas, sectors and subjects of social life. We are concentrating in particular on those questions which concern the problem of war and peace, peaceful coexistence. The dividing line in the ideological struggle about these issues is drawn between the ideology of the most aggressive circles—the imperialist war ideology—on the one hand, and the socialist peace ideology and the bourgeois peace thinking on the other.

At the center of our ideological offensive is the fight against the peace-threatening positions of the militaristic forces of imperialism, as well as against the forms and methods of their ideological war, which is used to justify the major armament and confrontation policy. The military ideological views which glorify military force and war must be repressed, exposed and refuted.

To be sure, this concentration does mean that the ideological conflict will exhaust itself in the process. We combine dissemination of our own ideas about war and peace, or own theoretical solutions and practical measures of socialist on issues of peaceful coexistence with defense against any nonsocialist ideologies, polemic or criticism of non-Marxist opinions.



An important task for the ideological conflict consists in preventing the penetration of ideologies which are foreign or hostile to socialism. We will therefore decisively reject all distortions and falsifications of Marxist-Leninist theory, the history of the revolutionary workers' movement and the socialist reality.

#### **Defense Readiness Needs Ideological Vigilance**

It is obvious: The toughness, complexity and dynamics of the struggle to realize the policy of peaceful coexistence require a firm class attitude. Among these conditions of sharp conflict in the political and ideological field the stability of ideological positions and convictions, a developed socialist consciousness, is gaining special importance. This is particularly true for members of the socialist armed forces. A firm component of their defense motivation, their defense readiness and their defense will is participation in the ideological conflict and high revolutionary vigilance.

For us as soldiers of peace and socialism it only natural that in this context we turn our attention toward those whom we call the imperialist war party with their war ideologists, to their political and military activities and those of their accomplices. In unmasking the forces that take up a position threatening humanity, peace and socialism, uncovering their intentions and objectives and discovering their practices, unshakable class positions, convictions and attitudes are molded, which are necessary today in the embittered worldwide struggle for peace and security. By so doing everyone can recognize precisely why he is watching out for peace, from whom the dangers come and against whom he must defend peace and socialism.

Opinions without illusions about the enemies of peace are an urgent requirement for revolutionary vigilance and socialist defense preparedness.

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## INTRABLOC

**CEMA Rail Connections 'Paralyzed,' Inefficient**  
26000023 Warsaw *POLITYKA-EXPORT-IMPORT*  
in Polish No 17, 3 Sep 88 pp 17, 19

[Article by Pawel Tarnowski: "Crooked Railroad Tracks"]

[Text] Whoever has taken a fast train from Moscow to Leipzig or traveled on the Polish State Railways to Burgas, or God forbid, had, for example, closer contact with the Romanian railways, will not believe that traveling by train can be pleasant. The majority, or even all, of the enterprises that transport tens of millions passenger between the CEMA countries each year can calmly use the slogan: "Do you want to suffer? Then travel with us."

There are too few trains traveling between socialist countries, and they go too slowly. They are late and stand terrifyingly too long at border stations. The Bohemia does the 728 km between Warsaw and Prague in 15 hours at an average speed of 48 km/hr. The night train to Berlin takes at least 10 hours for 571 km. You reach Leipzig 16 hours after leaving Warsaw. Moscow, which is much further, in 20 to 23 hours, but the route is unusual because of the long wait for shifting the cars onto tracks of a different gauge. Transportation between the capitals is better than the international connections with the interior. It takes 12 hours to get from Craiova in Romania to Budapest, a distance of 634 km. This is in summer. In the winter, it is necessary to go first to Bucharest, i.e., in the opposite direction from the capital of Hungary, and there make a connection. An imagined trip with the train schedule in hand, for example, from Plovdiv to Erfurt would make a person less experienced with making connections dizzy. Those who live in the capitals will, in the end, make do somehow. The others should stay home. This is the advice the railways should give them.

The network of interexpresses, which connect all of the capitals and the more important cities of the socialist countries, was to save the network of international train connections within the CEMA. The transportation bodies decided that by 1990 there will be 12 such supertrains traveling, take note, at a speed no less than 70 km/hr. In the next decade there could be all together more than 20 interexpresses, traveling at least 75 km/hr. The fact that on selected sections they will travel much faster, has little significance. What they make up along the route, they lose at the numerous stops and borders. Truly memorable records fall at these places.

Polish railway men say that the technical stops at border crossings do not have to be longer than 10 to 15 minutes. During this time it is possible to change the engine and the crew and examine the train. The customs and border services demand longer breaks. At times, they have impressive demands. Proof?

The train between Warsaw and Munich stands in Goerlitz 51 minutes. The fast train from Leningrad to Cologne stands 10 minutes in Kunowice and 53 minutes in the neighboring Frankfurt. The seasonal train from Warsaw to Leipzig stands 43 minutes in Goerlitz. At the border crossing in Zebrzydowice, going to Prague, trains lose 20 minutes, and on the other side of the border in Petrovice (Czechoslovakia), another 40 minutes.

So far the Polish authorities have made the greatest "concessions" to passengers. The trains stand the shortest time at our border stations. Usually, as much as the railways demand. At times, the stops last no more than 3 minutes. Unfortunately, we must still wait for the day when they do not stop there at all, the norm in the West.

Sadly, such a prospect is completely unrealistic on our eastern border, because of technical, not formal, reasons. The Russians have shortened the time to change the cars from narrow to broad gauge to 2 hours as it is. They cannot do it much faster now. Thus, there is plenty of time at Soviet borders for control. Nevertheless, much has changed there recently. The formalities are gradually being simplified.

Obviously, the paralysis that has wrapped up the trains at border crossings between socialist countries does not apply just to Poland and its neighbors. The Bali Orient Express, in spite of its impressive name stands 40 minutes in Sztutowo at the border between Hungary and the CSSR. In Decin (CSSR-GDR), it loses 39 minutes. The situation with other trains is similar. It looks as if they were crossing the borders of enemy, not fraternal, countries.

While examining the organization and operation of the international network of rail connections in the socialist countries, it is possible to make surprising discoveries. It is unbelievable, but our railways are one of the best in this competition! The CEMA Transportation Committee made a study that shows that our four interexpresses (in all there are eight of them) travel the fastest and are late less than the others. What is more, only they (some only on Polish territory) actually meet the scheduled requirement of maintaining a regular speed above 70 km/hr. For the other interexpresses, including the Berolina, Batory, and Silesia beyond our borders, that goal remains beyond reach. Trains still travel at a tortoise speed in the socialist countries and are constantly late.

In 1986, according to CEMA data, the Hungaria, which travels between Budapest and Prague, had the smallest number of trips without delays (only 41.5 percent). Next on this dismal list were the Primator (Berlin-Prague, 46.5 percent), the Progress (Berlin-Prague, 51.7 percent), and the Metropol (Berlin-Budapest, 53 percent). Our four interexpresses, fortunately, were at the end of this list (the Polonez, 85 percent arrivals on time). And we thought that the Polish railways could not be worse.

For now, the eight interexpresses travel with an average theoretical speed between 64.5 and 74.0 km/hr. Nearly half of them are late. They are constantly crowded.

Getting a place in the Polonez to Moscow is usually a wild dream. It is not easy to get a ticket on other trains. If this is how the situation as regards international rail service in the CEMA looks, what can be said about the remainder? I think that it is better to fall silent and examine how others are handling the difficult task of bringing peoples together. In the end, we are not the only ones who have a community being developed.

In Western Europe for more than a year there has been a well organized, dense network of trains, the Eurocity trains, which took over the majority of the long-standing Trans-European Expresses (TEE) and the French high-speed trains (TGV), which now travel between Paris and Lyon and Marseille and Geneva.

The Eurocity trains reach Madrid and London, Stockholm and Athens and a few dozen of the other most important cities. Nearly all of Western Europe lies within their compass. The trains usually have names associated with the regions through which they go or the names of famous people. There are the Erasmus, the Tiziano, the Mont Blanc, the Helvetia, the Memling, the Bavaria, and many others, but the names are not their chief attraction. More importantly, they are fast, air-conditioned, nearly silent, and on time. It is not worth asking about statistics for delays, for comparison with our data, would embarrass us.

The Eurocity train Victor Hugo from Frankfurt to Paris does the 654 km in 6 hours and 14 minutes. It stops 11 minutes at the border, because France and the FRG have different traction systems. The change of the engine and the crew takes some time here, too.

The Victor Hugo is not an exception. It has a few dozen equally fast brothers. The average speed cannot be less than 90 km/hr. No stop can last longer than 20 minutes, and beginning next year, no longer than 15 minutes. The sleepers must be air-conditioned and none of them are too old.

The organization that supervises the entire network, observes these and the many other rules. In the end, it is the reputation of the railways that conduct the service that is on the line. In the West gasoline is not rationed; cars are relatively cheap. The slightest mistake could cause passengers to leave the railways. No one wants to allow this to happen.

In addition to the "normal" fast trains that travel at 140 to 160 km/hr (in Western Europe there remain very few expresses, and those that remain do not belong to Eurocity), there are a few with still greater capabilities. The trip from Paris to Geneva on the TGV takes 2.5 hours today. Five trains make the trip each day at a speed of 275 km/hr. In the future they will travel even faster.

The EEC countries have decided that a network of TGV trains will be developed. After building the tunnel under the English Channel, the trip between London and Paris

or Brussels will take less than 3 hours. The trip from Paris to Cologne (550 km) will take the same amount of time. Western Europe will shrink even more, and even today, thanks, among other things, to the excellent transportation, it seems small.

The Eurocity trains are fast, on time, clean, and they will remain so, for without maintaining their current standards, they could not pay for themselves. The railways must fight for their customers. In the socialist countries, the reverse is the case.

The huge number of passengers, in proportion to the hauling capacity, leaves no time for considering such "details" as clean windows and toilets. The awareness that airplanes and cars will not be true competition for a long time is also numbing. In the socialist countries the railway monopolies would even like to discourage a portion of their customers from taking advantage of their services. At times they succeed. Given such an attitude, it is difficult to be surprised that the railways in the CEMA do only as much as they absolutely must.

In Switzerland, even at the smallest railway station, it is possible to rent a bicycle for sightseeing and return it an hour or two weeks later at a different one. Autotrans from many West German cities (and not just them) go to Avignon, Biarritz, Innsbruck, Ljubljana, Milan, Paris, Rijeka, Rimini, Salzburg, Brussels, Verona, and other cities. The autotrans go wherever customers want to go, because that is good business for the enterprise. And it must make as much as possible.

The Polish State Railways, during the course of the last few years, have repeatedly made proposals to attach cars with automobiles to trains going to Budapest, Burgas, and Varna during the summer. In 1985, Romania buried the issue, because it did not want to undertake protecting the autotrans from robbery while they were traveling through its territory. Last year, the Polish State Railways had less ambitious plans. The autotrans, however, will not go to Budapest for now because of the unwillingness of Czechoslovakia. No one wants to take on new difficulties if he does not have to. The old way is the best.

Perhaps, it was precisely the mounting difficulties in reaching agreement within the CEMA that caused Hungary to focus its interests in the other direction. The new train schedule contains a new Eurocity train, the Liszt, from Budapest to Vienna, which meets all the exacting West European standards of organization and will surely not stand at the border for half an hour. In the cars, produced in the GDR, are two television rooms and each chair has earphones with six radio programs. As you see, progress in passenger rail transportation is possible in the socialist countries. Everything depends on willingness and investment capabilities and on cooperation with one's partners.

As short as money is, the reserves in the organization of transportation and transportation cooperation among the CEMA countries seem larger. We must remember



that we cannot actually achieve economic integration of our block if people cannot quickly and easily communicate with one another.

For now, the trains go slowly, the border "walls" are high, and the distances between individual socialist states artificially lengthened. As a result tourists from the socialist countries, going on vacation to other countries in the camp, have the feeling that they are preparing for a great expedition. And that is true.

Along this road, we will surely reach neither an authentic community, nor a united market. We must seek other, more liberal solutions at the borders and modernize the railways. It is not worth pretending that economic integration can be achieved above the citizens of the concerned countries. They must actively, in their manner, participate. They cannot be discouraged.

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## CZECHOSLOVAKIA

### Intraenterprise Problems Under Khozraschet Noted

24000166A Prague RUDE PRAVO in Czech  
1 Aug 88 p 3

[Article by Vladimir Cechlovsky: "Difficult Steps Toward Khozraschet—Discordant Notes in Plant-Enterprise Relations"]

[Text] It is the last day of February 1988, shortly after noon. In the Tesla Votice, Benesov district, the committee of the CPCZ basic organization is in session. The agenda involves preparation for the annual membership meeting, to take place two weeks later. This at least emerges from the printed invitations spread on the table in front of the chairman. But from the proposed report for this meeting that the committee is presently finishing up it becomes evident that the date has not been well chosen.

This is because the proposed draft is rather incomplete, lacking the essential item: how communists will concentrate their forces on meeting economic targets. A review of the previous year's economic results will not fill the bill. The need is for stating unequivocally what the collective will be faced with this year and in the remaining years of the 5-Year Plan—where are the principal bottlenecks, what shortcomings to focus on.

But until now the basic organization's committee was unable to present such an evaluation because it lacked sufficient data to do so. The management of Tesla Strasnice enterprise, of which the Votice plant is a part, has so far failed to officially transmit the economic plan for this year. The plan protocol, obtained only a few days earlier, is moreover said to indicate that the plan targets cannot be met. This concerns particularly the volume of goods production slated to increase by 30 million

korunas, that is by more than 14 percent, in a single year. To meet this target the plant is reportedly short by 96,000 standard work hours, representing 1 year's work of approximately 46 production line workers. Radically different views also exist in regard to prospects for reducing inventory turnover and to the cap limiting overhead costs.

### Difficulties Not Only in the Plant

It is small wonder that members of the party committee have precisely these questions now under discussion. They agree that the root of the difficulties does not lie solely in the unrealistic plan targets. They see the main problem in the plant's unpreparedness for entry into more demanding economic conditions. The enterprise management levies higher targets on the plant, but fails to establish conditions for meeting them. It pays more attention to its Prague plant while the one in Votice is seen merely as an executor of orders and lacks room for developing its own initiative.

Dearth of economic information is said to hamper a wider application of khozraschet principles. While the plant knows the quantities of raw and processed materials it gets from the enterprise for its production lines, it does not find out in time about the valuation of the inputs—whether more expensive or cheaper materials were used, what wages had to be expended, what the situation is in inventories. Despite many promises, the Votice plant has not been able to set up a complete economic unit and most of the information for the plant is handled electronically in Prague. But results from there become available at the earliest on the 16th day of the following month, and by then it is too late to make any corrections. Moreover, only overall data are supplied which do not show how individual units or workshops are doing. But to make plan fulfillment possible it is necessary to press even the smallest plant units to attain high work efficiency. Their personnel must feel in their own pay packet how they met the targets detailed to them.

This is not made possible by the present method of intraenterprise management, which thus hampers the people's activity. To give an example, the brigade form of work organization and remuneration has taken hold only in the plant's pre-production sector. Both collectives there are achieving good results but are none too satisfied. They may economize by eliminating a position but derive no benefit from it. On the contrary; in another section work goes on with a higher level of staffing and no one suffers a disadvantage.

### Less for Same Work

The plant expects more assistance in preparing for new production lines and introducing rationalization measures. After all, it is directed to meet substantial targets in reducing labor input, but everything, from investment to product mix, is determined by the enterprise.

Although the enterprise has in Prague tool designers and a well-equipped tool shop and hence is able to produce single-purpose machine tools, the plant must make everything on its own. Cooperation used to be better in the past. For instance, when Votice introduced electrical engineering production 30 years ago and it was necessary to train new staff, experience was available precisely from the enterprise's experts. Among others, it was especially design engineers and other technicians who were frequent visitors there.

Material incentives too are a bone of contention. The plant manufactures complex electrical engineering assemblies, continuously introduces new products, but people bring home thinner pay envelopes than those working in the Prague plant. This includes not only workers even if they are in the same trade, on the same scale and with the same performance norms, but also the technical-economic staff. This year's plan provides for raising the plant's wage fund by an average of a mere six korunas per worker. With such an increase in production counter-planning is out of the question. For the second time in a row the collective did not receive a share of the economic results. Yet last year on the enterprise's request the plant produced extra goods worth 1.5 million korunas in order to meet the plan target. People had to work overtime, on Saturdays and Sundays... They say no one would even want to explain what difference that made in the earnings.

We heard many more complaint in Votice. For instance that the enterprise's managers do not respond to comments from the plant. The annual membership meeting, in the committee report as well as in the discussion, again voiced numerous criticisms of the enterprise management. And again the representative of that management failed to respond. He did not attend the meeting, allegedly he had not received an invitation. So it fell to us to convey the criticisms, and the response we got follows.

#### How the Enterprise Sees It

Until this year a relatively simple planning method was applied to the plant. It was directed to observe two principal indexes: production of goods and volume of wages payable; other indexes were derived from these two. But this did not lead the plant adequately toward increased management efficiency. Therefore effective 1 July of last year the enterprise established—until the end of the year only “experimentally”—new indexes. Their purpose was to enable us to monitor how the plant really shares in the enterprises's results.

Unlike in the previous practice followed routinely over decades, the plan was without question a very demanding one. Thus far, for instance, the plant was not made to feel the full effects of poor-quality operation. This included particularly color TV sets when the higher costs of repair service were borne entirely by the enterprise, resulting in

reduced profit, impact on its own performance results, and higher costs. Now the plant must raise its performance to make up for the loss from poor-quality operation.

In the first, experimental year the plant was not very successful. Of the 13 new indexes it failed to meet three essential ones. Even though this fact did not have an effect on the staff's emoluments or on the plant's rating, its managers began to display alertness. They realized that this year when “the going will be for real” the old work methods will not do. The pressure has led them to estimate the plant's possibilities more cautiously.

Now, what's the story of the dearth of economic information? The plan is detailed down not only to the plant, but also to five centers which allow for current monitoring of one's results. But all managers down to the foreman must familiarize themselves thoroughly with the budget and routinely control whether the operation is within budget. For instance, last year the plant indeed produced goods above the plan, but exceeded overhead costs by 1.5 million korunas. Today such an expenditure of resources not corresponding to the budget would expose the center and its personnel to consequences which will fall harshly on them in the first place.

In this regard then the new conditions demand a change in the thinking down in the shop. A precise monitoring by the lowest-level managers cannot be supplanted by the plant's economic unit which would at any rate catch only the results already achieved. But many staffers view careful monitoring as extra work, and therefore they blame everything on poor conditions. This does not mean that enterprise management is against the strengthening of the plant's economic unit, but this can be done with just a few people.

Nor can a neglectful relationship demonstrated by the size of the resources invested in the plant thus far. Although the enterprise production base is 74-percent depreciated, making it in this regard the most impaired in its Economic Production Unit, in the past it has built in Votice a new assembly building, a modern cafeteria the like of which does not exist even in Strasnice, and further undertakings are being planned.

Alas, so far only being planned. Since 1980 the plant received virtually nothing. The reason, however, is not that the enterprise would not want to expand the plant. On the contrary, it regards it as having very good prospects, and consequently steers most of the new production lines there. The problem lies in the overall shortage of resources sufficient even to cover simple replacement costs. This too should not change with the restructuring of the economic mechanism.

#### Justified Comments

So much for the enterprise's position. What can one say about it? Many of the plant's comments are justified. What Tesla Votice was faced with was not a balanced

plan. Although the set volume of the wage fund corresponded to the goods production, the produce mix allocation among individual plants from one year to another sharply increased the ratio of labor input. In this situation the technical rationalization sector of the enterprise should have assisted the plant in taking the necessary measures to economize on labor input.

The present elaboration of intraenterprise management is something that the people in Votice rightly refuse to consider as the final state of affairs. While the budget is known to all centers, the planning, in contrast with the Strasnice Plant, is not brought down to the workshops. Operation managers and foremen may be able to monitor consumption of materials going directly into production and labor costs, but hardly at all the consumption of non-production materials and inventory trends.

But the principal solution is to be seen not within the plant but rather in a reorganization of the enterprise's accounting system. It does not matter whether the data are monitored in Prague or in Votice. Important is that the plant should have them in the shortest possible time and structured as needed. The enterprise management until now has been content with promising an improvement. It is true that one thing hampering resolution is the accounting equipment. The enterprise's present computer is obsolete and incapable of securing additional data. It is said that the purchase of a new one is planned for the next year, but so far the plant has not even received a balance sheet.

It is also necessary to improve the index system to permit a better evaluation of the plant's performance, to remunerate people in accordance with the work really done. At present for instance the plant is not given a profit target, which is to engender cooperation between plants. But they too can sell semifinished products to each other, thereby raising their relationships to a more economic basis.

Comparing the earnings in both plants reveals clear differences. While it is true that average earnings in Votice are growing faster, the trend is not overly dynamic. Since 1980 the differences declined by a mere 13 korunas. A more pronounced approximation is noted in workers wages where in the same period the difference was reduced by 55 korunas. But a comparison must also note that workers in the engineering trades in Prague get quarterly bonuses.

A different situation obtains in the earnings of technical-economic personnel. The higher average earnings and a faster growth of wages in Prague derive from the fact that the research and development base is concentrated there due to which the wages should increase with much greater speed. Wage regulations also assume that enterprise personnel perform more complex duties and therefore are placed in higher wage scales.

One can also agree that managers should be more prompt in responding to comments. After all this is the only way to mutually exchange standpoints and jointly seek the best solutions. Many disputes stem from misunderstandings which should not be difficult to eliminate.

Some problems have deeper causes and are connected with the present system of managing the national economy. For instance one cannot criticize only the plant for a tardy submission of the plan. The plant in this case did not agree with the original plan promulgated by the general director's office of the Economic Production Unit, and changes were made only in early February. It took until 15 April to clarify the final three indexes.

There is not question that the Votice plant has capable workers, technicians as well as managers. Its production program is future-oriented: they know here how to build progressive communication assemblies, modern computing equipment and other products of electrical engineering. On the other hand, the plant must judge its results by stricter standards. Last year, for instance, it consumed more materials in relation to output than provided by the plan and did not fully meet the assigned product mix, even though the output target was fulfilled better than the enterprise's.

The passage of time since the annual membership meeting makes it possible to review the results attained in the first half of the year, to confront the present state of affairs with the previous one which was criticized. What is commendable first of all is that the plant has met its targets with the enterprise's assistance. An improved supply of materials, shifting part of the production to the second half of the year and, last but not least, increased activism of the people have contributed toward this end. The people even found courage to adopt in May of this year a counter-plan to exceed the full year's targets. Five months ago surely no one would have even thought about such a thing.

Thus preparation of an annual CPCZ membership meeting thrust into the foreground disputes between the plant and the enterprise. These are not unusual in other places as well, and often are typically concentrated in the early part of the year when economic plans are being adopted.

In our case, however, it was not just a dispute over the plan targets but rather over finding ways to assure permanently the attainment of better results. After all, some time soon the work collectives themselves will prepare their plans; they will be interested in setting their targets as high as possible, and therefore all have to prepare themselves well in time for this moment. From this point of view Tesla Votice deserves full support for its efforts to apply khozraschet more widely, to create better conditions for the plant's operation, to see a genuine broadening of its workforce's participation in management.

13445/12232



**Progress From Direct Relations to Joint Enterprises Viewed**

24000166c Prague RUDE PRAVO in Czech  
15 Aug 88 p 1

[Editorial: "From Direct Relations to Joint Enterprises"]

[Text] The new tasks of restructuring and accelerating socioeconomic development have also placed on the agenda a need for changes in the mechanism of CEMA countries' cooperation. The issue in particular is creating conditions for expanding direct relations between enterprises of the individual countries, establishing joint enterprises as effective forms of cooperation based on raising production efficiency, and introduction of the latest research and development results. These questions were on the agenda of the 44th CEMA meeting held in early July of this year in Prague. The council meeting directed the responsible organs to seek out and create possibilities and new concrete measures for multilateral cooperation. The expansion of cooperation on the level of enterprises, associations and organizations which have established direct production and R&D contacts has yielded initial results. And it is precisely these forms of cooperation which highlight the need to carry it on further and to proceed from direct relations to the establishment of joint enterprises.

To give an example, it is the expanding cooperation between the Czechoslovak enterprise Heavy Engineering Works Detva, and the Soviet production association Krasnyi Ekskavator Kiev in the production of universal loaders. In their negotiations several questions kept coming up: Who and what is served by the present transport counterflow when millions of tons of iron ore and fuel are being shipped from the Soviet Union to Czechoslovakia while thousands of tons of heavy engineering products are going the other way? Could not the Soviet side process these raw materials locally and export to Czechoslovakia part of the manufactured products? Could not Czechoslovakia increase the production of some precise and demanding components for both countries? Couldn't one proceed to joint production?

Czechoslovak enterprises and other organizations had at the beginning of this year over 300 completed direct relations agreements, especially with partner organizations in the USSR. Their number continues to grow. At first glance, this is a positive fact. But in most cases the direct relations involve preproduction stages, exchanges of findings within the framework of research and development cooperation, or the postproduction stage, mutual exchanges and assistance projects in agriculture. Only a few agreements involve intrasectoral and intra-branch cooperation. Even with this cooperation a rising number of organizations perceive a need for joint enterprises, and international associations are in the negotiating stage.

It is interesting to note that the most active organizations in establishing direct relations are those of the agriculture-food industry complex, above all the Unified Agricultural

Cooperatives. They approach the issue flexibly and in an operational manner, making sure that the cooperation develops on the basis of mutual benefit. It becomes evident that the restructuring of the management mechanism (which in the sectors and branches of the agro-food industry complex will be attained ahead of time) and the pressure on production efficiency has already taken deeper roots here.

An active role on our part is being manifested especially in agricultural biotechnology. All the necessary conditions have been created for transferring the Czechoslovak-Soviet laboratory for biotechnology of livestock production in Nitra to a multilateral basis. Members of this work center already include Poland and Bulgaria. We are also prepared to build in Olomouc an international laboratory for crop production biotechnology, specifically for the sector of gene and cellular engineering.

In spite of the positive results attained thus far there are still unused opportunities, especially in the engineering-metallurgical complex. Until now its organizations have established 135 direct relations with Soviet economic organizations. They involve primarily research and development and construction design projects (about 70 percent), the rest consisting in production cooperation, specialization and mutual exchange of goods. But this proportion fails to meet the needs of expansion.

We have not managed to narrow significantly the range of products or to achieve the desirable structural changes. The results do not correspond to the urgent needs of raising the technological level, quality and production efficiency. Cooperation in the realm of research and development similarly fails to achieve the necessary division of labor; R&D capacities are not concentrating on tackling priority problems.

In this regard the initiative of Skoda Plzen and the Soviet production association Uralmash Sverdlovsk deserves a positive evaluation. The two have united to form a joint engineering supply enterprise Skoda-Uralmash. Its scope will encompass management of research and development work, project design, manufacturing and supply of rolling assemblies for finishing lines in metallurgical complexes, to meet the needs of the CSSR and the USSR, as well as to export to Third World countries.

The enterprise will operate on the principle of a full *khozraschet* and self-financing. The initial outlays will be covered from the statutory fund and credit. How can one evaluate its contribution? In the first place, it will be concentrating on R&D and design work and reducing the time for equipment delivery. Thus far the first steps have been taken, but some questions still remain unresolved. These include, for instance, financial backing for the operation, price setting, deliveries, commercial backing for trade operations. Only if these and other problems are resolved will the joint Skoda-Uralmash enterprise be able to demonstrate in practice the validity and effectiveness of a new international organization and bring economic benefits to both partners and countries.

A new impulse for linking up direct relations and especially the formation of joint enterprises is being imparted by the application of new laws, in the CSSR particularly the laws on state enterprises and agricultural cooperatives. This legislation enables the Czechoslovak organizations to conclude specialization and cooperation agreements with foreign partners. In connection, other statutes are being simplified and along with the traditional foreign trading activity, regulations for joint enterprises are in preparation.

The need is for a more extensive utilization of the new progressive forms of relations, particularly those tying in with and accelerating the science-technology-production-consumption cycle, in a way that satisfies socialist society's needs with products of high level and quality. And that is one of the main tasks of economic restructuring not only in our country and the Soviet Union, but also in the majority of the other socialist countries.

13445/12232

#### **Skoda Enterprise Has 15 Direct Relations Contracts**

24000166d Prague RUDE PRAVO in Czech  
20 Aug 88 p 1

[Plzen correspondent report: "Results of Direct Relations"]

[Text] Among the most significant of the 15 contracts on establishing direct relations with Soviet enterprises are those involving the production sector for nuclear power plant equipment.

Together with the Soviet Central Scientific Research Institute for Engineering Technology (TsNIITMASH) and the Institute for Furnace and Turbine Development (TsCKTI), research is under way to test the strength properties of materials and components of the VVER 1000 reactor including ways of improving their production. The result will be development of a technology and a gradual introduction of a new production method in the 1989-92 period.

Cooperation between the Skoda concern and the Soviet production association goes back to the mid-1970's when the Izhor people were the sole producers of this intricate equipment. While at that time the Skoda people took advantage of the Soviet experience in their nuclear program, today much of our experience is of value for the Soviets and so it is not surprising that the present cooperation needs to be extended and deepened. For this reason a protocol was signed on direct relations in the production and development of the VVER 440 reactors regulatory mechanisms, to improve their service life and diagnostic equipment. This led to fewer propellant exchanges on nearly 40 blocks, saving billions in operating costs.

Mutual benefits flow similarly from direct cooperation with the Turboatom production association in Kharkov, oriented toward turbine production. While for instance the Soviet enterprise is developing a spiral casing for large-capacity turbines, the CKD in Blansko focuses on developing and producing a suction feeder with the expectation that the results will be applied in production during 1991.

Production cooperation is also expanding faster than in the past. In concrete terms, utilization of unique machinery in the Turboatom Kharkov enabled the Czechoslovak side to tool the large Kaplan turbine blades for the Gabčíkovo Danube water project. While this has saved our economy a sizable investment cost, for the Soviet partners it meant a significantly higher utilization of costly special machinery. A few other cases have yielded similar results. The overall value of cooperation between the Skoda concern and its Soviet partners on the basis of direct relations amounted to 30 million korunas in the first half of this year, and it is expected that it will increase by another 10 million by the end of the year.

13445/12232

#### **Direct Industrial Relations With USSR Need Realism**

24000166b Prague TRIBUNA in Czech 24 Aug 88 p 6

[Article by Jan Zeleny: "Direct Relations Want No Rose-Colored Glasses"]

[Text] What actually are direct relations? Who establishes them, who can do so? Whose consent is needed? What conditions must be created for them? These are only a few of the questions which crop up when discussing non-mediated involvement of producers of various countries in joint work and joint operations. They are being voiced with special urgency following the 44th CEMA meeting recently concluded in Prague.

From the point of view of today's economic theory direct relations are defined as one of the methods of managing socialist economic integration. At present, however, interpretation of the term "direct relations" is undergoing dynamic change. The term itself is acquiring a deeper meaning. The issue today is not expansion of direct relations as such, a political objective to be pursued frequently even without regard for both parties' economic benefit. It is much more important to give this economic category a new content, to encompass within it the initiative of work collectives. In other words, it is to move on to its real substance.

#### **Without Directives From Above**

CEMA member countries definitely cannot be satisfied with the attained level of division of labor. The standards of technology and cost effectiveness for goods produced in cooperation for the most part fail to achieve

results equal to the competition in the advanced capitalist countries. Application of basic and secondary research to production proceeds with difficulty. Administrative interventions in the economic realm are overly strong and hinder initiative as well as entrepreneurship.

It is precisely the direct relations which could become one of the methods of freeing up more room for economic considerations. This includes, for instance, exchanges of experience various contacts between enterprises in comparable areas of operation, or commercial links in border zones. These are a few examples of direct relations which have existed for years and have fulfilled their mission quite well. They yield satisfaction and bring benefits. In the mid-1980's direct relations existed among 3,500 enterprises in CEMA countries.

Are there enough of them, or not? They are not enough because the significance of direct relations in the entirety of international cooperation is constantly growing and is likely to grow until the end of the millennium. Economists in the USSR clearly have advanced the farthest both in the methods of further expansion and a critical analysis of the present defects and shortcomings. In 1987 there were in the USSR some 300 enterprises which carried on direct relations with enterprises in CEMA countries. But the results did not satisfy the expectations with which cooperation was entered into. One of the causes of insufficient effectiveness is that the contacts were for the most part established by directives "from above," chiefly from the ministries. Absent an interest on the part of the enterprise, the result can surprise no one. As long as both linked parties lack interest, their contacts will never achieve the level of effectiveness which they properly should have.

#### **A Concrete Contribution**

But when cooperation is successful the benefit is clear. For instance, the Skoda concern already has concluded 15 direct relation agreements with Soviet enterprises. Among the most significant are agreements in the sphere of nuclear power plant equipment where the Skoda concern along with Soviet organizations are the sole producers of reactors in CEMA countries. Together with the Soviet Central Scientific Research Institute for Engineering Technology (TsCNIITMASH) and the Institute for Furnace and Turbine Development (TsCKTI), research is carried on to test the strength properties of materials and components of the VVER 1000 reactors and to improve their construction. The result will be the development of a technology and a gradual introduction in 1989-1992 of a new production method. Cooperation between the Skoda concern and the Izhor production association dates back to the mid-1970's when construction of the VVER 440 reactors was inaugurated. At that time the Izhor works was the only manufacturer in CEMA countries and experts from the Skoda concern and the Izhor production association dates back to the mid-1970's when construction of the VVER 440 reactors was inaugurated. At that time the Izhor works received

both construction and technology improvements for the production of nuclear power equipment. Thus already in 1987 a protocol was signed on direct relations, opening up further possibilities of cooperation. The result is joint work on increasing the service life of regulatory mechanisms, including diagnostic equipment, on the VVER 440 reactors. The payoff is billions saved on operating costs due to fewer propellant exchanges on some 40 blocks. The problem resolution is shared by a joint collective which will complete the work in 1990.

In a similar vein, direct relations with the Turboatom production association in Kharkov are proving their work in developing water turbines. The Soviet enterprise is working on the spiral casing and the CKD Blansko on a suction feeder for large-capacity turbines. Application of the research results in production is anticipated for 1991. Production cooperation too is developing rapidly. The first step was the utilization of Turboatom's unique machinery for tooling the large Kaplan turbine blades for the Gabcikovo Danube water project. This cooperation has saved major investment costs to CKD Blansko and made it possible for the Soviet enterprise to better utilize costly special machinery. The value of cooperation reached 30 million korunas in the first half of this year and is expected to grow by another 10 million. Further growth is anticipated in the next year. But direct relations were not limited to cooperation with the CKD Blansko concern enterprise. For instance Skoda Plzen is counting on production cooperation for deliveries of complete heavy machine tools.

#### **Not a Panacea**

But it would be a mistake to believe that direct relations will become a panacea for what's ailing today's economy. Direct relations per se cannot lead to the structural changes needed, for instance, in our economy; they cannot substitute for the role of macrostructure. Their role consists in a maximum contribution to the fulfillment of targets entrusted to the producers. That's where room is being created for direct relations which needs to be utilized. Economic practice compels direct roads to results; administrative methods of management cede to concrete economic stimuli. Direct relations are moving to the foreground as a necessity.

Today Soviet enterprises with their CEMA partners are capable of handling mutual deliveries of products, instruments and materials involved in cooperation. With their partners they can exchange services related to the object of cooperation. They are empowered to let and lease instruments, to place orders for the manufacture of products. Soviet enterprises are entitled to conduct joint research, project design and experimental activities, exchange research and development documentation and cooperate in training cadres.

Although conducted only for a short period of time thus far, the present practice of direct relations can be divided into two categories. The first involves cooperation based



on specialization, exchange of experience and joint effort to solve problems of interest to both parties. These then are contacts between corresponding, kindred economic entities. The other, so far the weaker category, involves international direct relations between organizations of a different type.

The present stage requires an expansion of mutual contacts also between organizations of the research and production sphere. This category includes all relationships at any point in the science-production-marketing cycle. In this field of joint endeavor the progress attained so far does not correspond to present need. However, one has to keep in mind that direct relations have no standardized forms and in their variety are hard to fit into present-day "pigeonholes."

Adjustments in the law constitute a decisive condition for their successful development. True, most CEMA countries already have prepared and in some cases approved legislative documents encompassing also the sphere of credit and foreign currency financial relations. But this is still only the beginning. Economic practice is for the most part running along established tracks of the last decades and it is very difficult to push through any innovation. Herein evidently lies the principal obstacle to further advance. The present extensive approach required a complex and lengthy process of approval. To put simply, the fate of direct relations was being decided by institutions which then did not participate in them directly and thus lacked genuine interest in them.

### The Logjam Was Broken

Direct relations are an economic category which is presently being given a full go-ahead. But there are still serious obstacles, whether in the form of various norms or different principles of price setting in various countries. Until recently account balance problems were cited as the number one obstacle: that is, which currency should be used in "counting" cooperation.

A radical change in account balancing took place in March of this year. Even though it is said that one swallow does not yet make spring, it is certain that the logjam is slowly but surely breaking. Finance ministers of Czechoslovakia and the Soviet Union signed in Moscow an agreement on using national currencies in balancing direct relations accounts and also in the establishment and operation of joint enterprises. This is an extraordinarily important step along the road to higher forms of economic and R&D cooperation between the two countries. The agreement creates qualitatively new possibilities on both sides and brings benefits to both. They can import without securing in advance the availability of foreign currency in the national currency of the partner country. It is not necessary to set up foreign currency accounts because the system agreed to enables the Czechoslovak organizations to make payment in Soviet rubles countervalued in korunas. Of course the Soviet enterprises can act in the same fashion. The new

system also has the advantage of relieving enterprises of risks stemming from exchange rate fluctuations. Account balancing as such will be the business of the foreign commerce banks of both countries, that is, the Czechoslovak Bank of Commerce and the USSR's Vneshnoekonombank. Both banks have already opened mutual "direct relations accounts."

Thus far all payments were made solely and exclusively in transferable rubles. The use of national currencies will help overcome many of the existing obstacles to an expansion of direct relations. Whether the balancing of an account will be done in korunas or rubles or transferable rubles will be decided by no superior, no third party. The decision lies within the competence of the partner organizations.

The Czechoslovak koruna and the Soviet ruble signify the first stage in the new era of direct relations which should lead toward gradual mutual exchangeability of national currencies for CEMA states that are interested. The same should apply in relation to the transferable ruble. The CSSR-USSR agreement was concluded as the first one. What exchange rate have the two countries agreed on?

If a direct relationship is to avoid deformation in its form, then the exchange rate must correspond with the real values. The intergovernmental agreement stipulated that direct relations account balancing will apply exchange rates stemming from the agreement on introducing the rate of national currencies vis-a-vis the collective currency, that is, the transferable ruble equals 10.40 korunas, which is in line with the exchange rate posted by the State Bank. Because the transferable ruble is deemed equal in value with the Soviet ruble, it emerges from these relationships between the two national currencies that one ruble equals 10.40 korunas.

This much briefly about an agreement which ought to open the doors wide for genuinely direct cooperation. Based on information from the Finance Ministry, it is anticipated that still in the course of this year similar agreements could be signed with Bulgaria and Poland. This would mean a giant step forward for direct relationships. To be sure, it is something of a paradox that economic models and concepts within the CEMA countries are undergoing change in connection with restructuring, whereas the models of external economic relations have so far remained without change.

13445/12232

### POLAND

#### Polish, Soviet Enterprise Cooperation Claims Mutual Profits

26000009b Warsaw RZECZPOSPOLITA in Polish  
2 Aug 88 pp 1-2

[Unattributed article: "Polish-Soviet Cooperation of Enterprises: Mutual Benefits, the Best Argument"]

[Text] From our own correspondent—The economic reforms in Poland and the Soviet Union favor hunting

for and developing new forms of cooperation between the two countries. An example of such contacts, which have developed in particular during the last few years, is direct cooperation between enterprises. Such cooperation makes it possible to make better use of the production capacity of both partners and to develop cooperation and specialization. And it also improves the supply of modern, high quality goods for the market.

The following are examples from several enterprises.

**The Bumar-Labedy Mechanical Equipment Works in Gliwice.** Since its founding, this enterprise has used Soviet designs and technology and also many licenses, for example, for the production of power shovels. In the middle of the 1970's, a Polish-Soviet agreement between ministries on scientific and technical cooperation for the joint production of self-propelled cranes was signed. As a result together with the Industrial Combine for the Construction of Heavy Cranes, a plant in Odessa, Bumar began production of cranes with specialized under-carriages with a lifting capacity of 40 tons. Some of the sub-assemblies for this machine are made by the Polish side; some, by the Soviet side. Assembly is done in both countries.

Recently, the partners have begun to modernize jointly the product. Designers from both countries developed a second generation of cranes last year. In December, the Polish prototype for the under-carriage was ready. This year, a prototype of the entire crane, which is lighter, has a greater range of functions and a greater lifting capacity, and can move much more quickly than its predecessor, is to be finished.

As the deputy director for development and investment said, mutual contacts are not limited to production and scientific and technical information. Contacts between socio-political organizations and social exchanges have also begun to develop.

**The Fasty Bialystok Cotton Industry Plant** has also exchanged vacation and summer camp places with its Soviet partner for years. Last year, contacts with the Grodno Spinning and Thread Factory took on another form. An agreement was signed in which the Soviet side offered 5 tons of cotton yarn in exchange for parts of the equipment of the spinning plant at Fasty; it was anticipated that they would make men's shirts from the thread.

Slawomir Ambramowicz, deputy director of the sales division who is acting as plenipotentiary for the director for cooperation with Grodno, said that the Polish plant also reached an agreement with its Soviet partner on shipments of a mixed synthetic and cotton thread. The addition of cotton improves the usefulness of the material. For the Soviet side this type of thread is something which it has undertaken in view of its Polish partner.

In any case, an exchange of knowledge is continuing. Polish specialists, for example, have observed some

technical solutions in Grodno that make work in the spinning plant easier. In turn, Polish solutions have been models for imitation by Soviet specialists.

**The Power Hydraulics Plant in Lodz and the Kalinin Plant in Moscow** have two years of close cooperation behind them. They made their first contacts at the beginning of 1986, when the subject of talks was transmissions for hydraulic systems. Their customers are all of the important producers of machinery from highway equipment to construction equipment in Poland and the Soviet Union. The principle of cooperation was adopted then that is still in force today—heavy specialization and production. In Lodz they took up hydrokinetic transmissions and in Moscow hydrostatic ones.

After a few months, the economic results of both plants showed significant reduction in costs and large profits. These financial results have become an argument for both enterprises to expand cooperation. "Recently, in February of this year, we decided," says Director Marian Dabrowski, "to form a joint organization for innovation and implementation. We signed an agreement and formed a Polish-Soviet organization, Interhydraulika. In both plants special offices have been organized whose goal is jointly to develop new design, technological proposals and to define directions for further greater cooperation.

"Our goal," he continues, "is to work up to the formation in the future of a joint enterprise, but considering the current legal system, we decided that forming an organization is faster and easier. That we were right is best shown by the fact that we formed Interhydraulika in February and today we have five offers for specialized transmissions for cranes in our portfolio. We have also made a joint appearance with the Kalinin Plant at an exhibit of highway, municipal, and construction machinery in Moscow, the Dormash. The results of the cooperation are hard to calculate directly, for in addition to several billion zloty in exports to the USSR, there is a whole series of other benefits.

For many years the Tarchominsk "Polfa" Pharmaceutical Plants have cooperated with Soviet producers. Formally, however, signing of bilateral agreements and understandings occurred only in March 1986. At that time, Polfa found itself in the first group of 60 of our enterprises that officially initiated cooperation contacts. The partner for Polfa is the combine Belamedpreparaty in Minsk; the contract calls for mutual exchange of technical information and help in production and supply.

"Currently," says Romuald Szewczak, the director for production, "our activities concentrate on two issues: on production of antibiotics and the production of insulin. We are jointly developing technology, we are also conducting research together. Moreover, this year, in April, we began to exchange raw materials and semi-finished products. For now there are only two items on the list, but in the future, we intend to broaden the exchange.

"But our cooperation," he adds, "with the combine in Minsk also has a non-production dimension. One of the forms of activity we conduct is the exchange of summer camp groups, and beginning next year, vacations. For example, a group of 40 children will go to Minsk for summer camp, and children from Minsk will go to Warsaw. Our party and youth organizations and our trade unions have also initiated direct contacts."

13021

**Enterprises Trade in Consumer Goods; Bloc Countries Included**

26000653b Warsaw RZECZPOSPOLITA in Polish  
20 Jul 88 pp 1, 8

[Text] There is no shortage of goods on store shelves but there are still items that can be bought only after much searching and waiting patiently on line. Among them are cotton underwear and towels, some clothing and outerwear for children, and mechanized household equipment.

The reason for these deficits is inadequate domestic production that does not meet needs. In order to close the consumer goods gap, trade organizations are undertaking a number of actions. They are signing contracts with industry using their own funds for components and materials when a shortage of them hinders production. They are forming contacts with trade organizations in other countries, obtaining goods sought after here in exchange for surplus domestic consumer goods.

Here are specific examples:

Every fifth zloty spent at Lodz's "Central" Cooperative Department Store [SDH] is allocated for goods coming from nonhard currency exchanges between that store and friendly organizations in other countries, both socialist and capitalist. Because of contacts of this kind, Central's customers can buy large quantities of Soviet televisions, champagnes, canned fish products, enamel ware and sporting goods with an annual value of 5 million rubles—independent of articles coming from centrally negotiated contracts. Thanks to this exchange of goods, Central also receives men's and women's shoes from Hungary and Rumania and offers products from the GDR, Bulgaria and Czechoslovakia.

A finalized agreement with Turkey is of the same nature. In exchange for textile machines from Wifama—of which there is no shortage in Poland, the Lodz department store will receive cotton clothing and underwear.

The management of Central is not overlooking its suppliers and is maintaining contacts with them. Two-thirds of the goods of domestic origin reach store shelves, bypassing wholesale organizations. Because of this, retailers can better adapt their offerings to the tastes and needs of their customers.

Nonforeign currency border exchanges between retailers in Suwalki province and Lithuania have been going on for a year. One can buy about 200 kinds of goods produced in the Soviet Union in Suwalki's stores. Stanislaw Krzywicki, director of the Provincial Office Trade Department, lists household goods in first place: 3,000 refrigerators, 500 color televisions and dinnerware. Also imported are bicycles, rugs, fabrics, cookware, fish and canned fish products.

The Polish side pays in surplus goods. Mainly these are products from craftsmen, Polonia firms and our industry—with one proviso—products with hard currency investments are not exported. In brief, one can buy Polish cosmetics, clothing, sunglasses, frozen foods and confections in Lithuanian stores.

This year, each of the parties will supply goods with a value of 11 million rubles. Converted into zloty this is an exchange of goods worth 1.5 billion zloty for sought-after Soviet items. Suwalki province formed direct contacts with Lithuania's Minister of Trade and the Lithuanian Union of Cooperative Members and they are facilitated (from a technical standpoint, of course) by the newly opened border crossing in Ogdodniki. It is 200 kilometers from Suwalki to Vilno and even with the cost of transportation it pays to buy refrigerators there rather than at the more distant Polar.

The desire for further expanding cooperation in new forms such as cooperation among plants testifies to the satisfaction of both sides. One of the harbingers of these contacts is Vilno bread in Suwalki's stores, baked according to the original recipe. And customers are satisfied too—Lithuanian goods find buyers quickly and this means that the purchases were appropriate.

Polish craft articles enjoy much appreciation in nearly all the people's democratic countries with which Warsaw's Centrum stores conduct nonforeign currency exchanges. Contacts with trade organizations in other countries have been ongoing for some time and the result is offerings complemented by Hungarian cosmetics, rugs and yarns, Czech towels, cloths, handkerchiefs, hosiery, wallpaper and paste, tablecloths, curtains, upholstery material, rugs and floor coverings, Rumanian woolen bedspreads, jackets and coats, East German cosmetics, underwear, heat resistant glass, Bulgarian floor coverings, furs and draperies, Mongolian leather goods, Soviet cosmetics, toys, bed linens, Albanian velvet trousers and velvet material, cotton fabrics, blankets and folk articles, as well as Cuban confections and alcohol.

As we are told by Birut Zagrodzinski, deputy director for trade turnover, this year exchanges are being carried out by Centrum department stores' own office of foreign trade. This will mean facilitating considerably and, let us hope, accelerating negotiated contracts.

12776



**Antimonopoly Measures Close or Alter Fewer Enterprises Than Planned**

26000653c Warsaw RZECZPOSPOLITA in Polish  
27 Jul 88 p 2

[Text] Ryszard Jacyno, deputy director of the Ministry of Finance's Department to Counteract Monopolization of the National Economy told a PAP reporter that in the view of the anti-monopoly body, the list of enterprises that should be divided numbers 83 items. But the starting point for preparing this list was much broader—more than 900 enterprises that were seen as monopolistic because their share of the total production and supply of a given product surpassed 30 percent. So what distinguished the 83 firms singled out for division? The main criterion adopted: the multiplant structure of these enterprises, along with significant organizational and territorial differences in their individual plants. Apparently, the efficiency of specific entities or differences in efficiency played a smaller role. But there are doubts as to whether analysis of economic rationality played a major role in selecting enterprises to be divided. It seems that formal, organization considerations predominated. Leading among the candidates for partition (over 60) are enterprises that are essentially conglomerates. Their subsidiary plants can as a rule become independent and self-supporting. So, in practice, division would mean liquidation of the existing cap. Less numerous are enterprises from which individual plants are to be separated as independent entities.

One cannot directly associate the antimonopoly list prepared by that body with the order of the president of the Council of Ministers of 21 June on the division or liquidation of enterprises. In this case, the decisions on division concern only six entities from which 20 new ones are to be formed. These are mainly construction enterprises from which housing factories have been separated. The decision also affects the "Metalzbyt" Metal Goods and Technological Services Sales Enterprise, which is to be divided into 18 independent regional firms that already exist in practice as divisions of that enterprise.

The decision on liquidation, meanwhile, currently affects 21 firms. These are mainly retail enterprises and the motivation is to liquidate unnecessary units in retail trade. One can encounter resistance on the part of candidates for liquidation. They protest above all that, without concentration of supplies, customers may have difficulties obtaining necessary materials and raw materials. Naturally it would be easier to weigh pros and cons under conditions of market balance. Then the monopolistic position of entities of this kind, based surely on price dictates, would be unequivocal. Under shortage conditions, concentration may be a plus, as long as it is accompanied by competence and efficiency of operation. But it can also be negative because it causes a lack of sensitivity to the needs of the market and frequent use of noneconomic criteria for the distribution of materials and raw materials.

It is also worth recalling one more recently completed analysis of the enterprises' method of operation noted by

Marek Rosinski, Planning Commission press spokesman. It was designed to distinguish entities that clearly breached the line of reform and struck at the weakest point of our economy today—economic balance. The point was those enterprises and cooperatives that decrease the scope of production while increasing—in a very obvious way—compensation so that it rises twice as fast productivity. As a result, letters were sent to employee councils and people's councils, often with a recommendation to recall or suspend the directors of those entities. Such a decision was made on five directors and 28 presidents of cooperatives (suspension). So one can also talk about discretion in decisionmaking under the extraordinary powers. But there are also advocates of the argument that the government is using them too little. To support this, they raise the point that wages may increase by more than 60 percent this year—with a concurrent 57 percent increase in prices and further unsettling of market imbalance. In this situation, indeed there is no room for the inefficient or for those who may intensify and exacerbate inflation.

12776

**Tax, Supply Considerations for Factories Producing Deficit Items**

26000653d Warsaw RZECZPOSPOLITA in Polish  
28 Jul 88 pp 1-2

[Text] No one questions the need to shore up the impoverished domestic market. So actions are being undertaken at various levels by various groups to lead to filling store shelves to a greater degree than is currently the case. In the Ministry of Industry, work is going on that is designed to effect one such decision, specifically the decisions of the government Presidium on 8 July 1988.

It was decided there that plants producing articles especially lacking on the domestic market that would undertake additional production would earn partial exemption from the tax on above-the-plan growth of remunerations (because the work will occur during overtime hours and on free days, wage fund burdens will increase). They will also receive hard currency funds for materials and raw materials.

The Ministry of Industry has prepared an estimate of the scope of deficit production, taking into account production capacity and unsatisfied demand. The plants the the ministry are to furnish outerwear and clothing, shoes, hosiery articles, pillows and furniture as well as radios, black and white televisions, radio-tape recorders and refrigerators.

Negotiations with representative of key industry did not produce satisfactory results, so it was decided to include work cooperatives, the disabled and even Polonia firms in the discussions. The balance sheet for 27 July was divided into individual groups of articles. Clothing manufacturers proposed more than the market needs. The situation is similar in the case of daybeds and other

furniture used for sleeping and pillows. In the remaining groups, pledges from the "key" and those outside this industry have been more or less specified, but proved to be inadequate (the knitting industry especially was downright embarrassing; for a proposal of 18.5 million units of additional articles for domestic consumption, it proposed 350,000. Or, as in the case of the electrotechnical industry or Wroclaw's Polar, which supplies refrigerators, a binding response has not yet been received.

So the discussion in the Ministry of Finance, which took place on 27 July, was intended to pin down the resistant and hesitant. The caution of factor and association directors, as it turned out, arises partly from reservations as to the formulas proposed in the contracts. Questioned in particular was the provision that reductions in the tax on above-the-plan remunerations would be earned only by those who fulfilled 100 percent of their obligations. One of the directors argued: If I employ people on Saturday and a shortage of materials makes it impossible for me to fulfill 10 percent of the contract, then instead of a reward I will have sanctions.

This reservation was acknowledged by representatives of the Ministry of Industry, but a second condition—that a provision guaranteeing continuity of hard currency sources be included in the contracts—was not accepted.

The declaration of the director of the association of producers of cotton and cotton blend products proved to be valuable. Why import fabrics to sew additional clothing? It is better to give the hard currency allocated for that purpose to the cotton industry—it will produce the necessary material faster and in larger quantities. As a result, it was decided that contracts for additional domestic consumer goods would be signed not only with producers of finished goods but also with the manufacturers of needed fabrics, not only cotton, but other necessary semi-finished goods.

As was apparent from the discussion, those who accepted additional work wanted to sign contracts as soon as possible in order to rapidly set in motion the process of financial and materials resources. This is crucial if these products are to appear in the stores this year. Because the ministry is interested in this, contracts should be signed within the new few days.

12776

#### **Regional Planning Expert Lists Major Development Issues of 1990's**

26000638 Warsaw ZYCIE GOSPODARCZE in Polish  
No 32, 7 Aug 88 p 11

[Article by Antoni Kuklinski, professor, socioeconomic geography, regional planning, and land use management; director, Institute of Land Use Management, University of Warsaw]

[Text] We should undertake serious yet creative discussion on the Poland balance sheet in the second half of the

20th Century. We have to look bitter historical truth boldly in the eye and talk without inhibition about successes and catastrophes, but also about great opportunities for society, nation and state. The point is both opportunities well exploited in the past and opportunities irretrievably lost.

But most important are the dangers and opportunities of the decade of the 1990's, which will probably be the key turning point in Poland's recent experience. The 1990's will answer the question of whether Poland will achieve the status of a strong, modern European country or will Poland become a museum of cultural retardation while the Polish public becomes the beggar of the nations.

Do the authorities and the society still have enough vital strength to get out of the rut of stagnation and take up the challenges of the 21st Century?

In this intellectual and emotional context I would like to offer a set of observations for discussion concerning regional development in Poland in the second half of the 20th Century. Dividing this half century into periods could be a subject for long and involved consideration. In this context I will not refer to the enormous literature on this subject but will limit myself to suggesting that we assume a separation into three periods: 1) the period of growth and defective development in the years 1950 to 1975, 2) the period of crisis and stagnation from 1976 to 1980, 3) the period of collapse or renaissance in the 1990's.

#### **The Period of Growth and Defective Development**

In this quarter century, Poland was one of the countries developing in the sun of four ideologies:

- 1) the ideology of economic growth as the most important engine of progress;
- 2) the ideology of industrialization as the main process of structural transformation;
- 3) the ideology of urbanization as the newest social process and chief mechanism for producing a new organization of space;
- 4) the ideology of large scale benefits.

Prima facie, Poland's development from 1950 to 1975 was much like that of Italy or Spain. Economic growth, industrialization, urbanization, large scale benefits! But with closer analysis came the key question about the quality of that growth, that industrialization, urbanization and large scale benefits. The historical test proved to be the resistance of the economies of these three countries to the blow of the crisis of the 1970s. It turned out then that the miracle of Italy's and Spain's industrialization created economies that are taking up global challenges and have a well developed capacity for innovation and adaptation, that can quickly overcome the blows of

crisis. The miracle of Stalinist industrialization of Poland created a stiff, faulty economy that cannot take on global challenges or overcome the blows of crisis. The offshoot of this model of growth and defective development was the concept of the spatial (land use) economy and regional development carried out in Poland in the years 1950 to 1975.

It is not necessary in this brief article to reiterate the analysis of Poland's land use economy in this quarter century. The best document in this field is still the Bulletin of the Committee on Land Use Management of Poland, Polish Academy of Sciences, notebook 123 of 1983, discussed many times in ZYCIE GOSPODARCZE. As soon as possible the State Publishing House for Scholarly Works should publish a second edition of this book which, unfortunately, has maintained its timeliness completely.

### The Period of Crisis and Stagnation

In the romantic and emotional history of Poland, this 15 year period holds a very prominent place. In the cold, rational history of Poland's economic development, it will have to be acknowledged that it is time wasted, a period of stagnation in contemporary indicators of growth and a period of growing depreciation of national assets. This is a great tragedy that does not move, in a strong enough way, either the broad circles of our public or the narrow circles of our advisory elite, our government, church or political opposition.

As far as I know, in these 15 years no one has offered a realistic program for overcoming the crisis that would refer not to illusory public sentiment but to the hard facts of world economics. As far as I know, no one has attempted to answer the key question: what must be done in Poland in order to generate motivation and conditions for efficient work and the development of innovative, creative thinking?

I understand that these overly categorical opinions could be saddled with a charge of one-sidedness and exaggeration. Unfortunately, in my subjective opinion these judgments are grosso modo correct. That is why it is necessary to answer the question of whether a major push in Poland economic development is possible in the 1990's.

This major push is not just possible but necessary in order to open a new book in the development of our economy and finally close the book of crisis and stagnation. So let us hope that the geography of the Polish crisis will soon become a retrospective field of study.<sup>1</sup>

We are evaluating in this context studies that attempt to analyze regional differences in crisis phenomena in Poland.<sup>2</sup> I will not analyze the results of these studies here, except to say that general stagnation is rather closely reflected at the regional level which contains neither oases of obvious, exceptional and clear progress

and prosperity nor areas of complete economic distortion and bankruptcy. In other words, the rather uniformistic picture of regional Poland, unfortunately, has still not collapsed.

### The Period of Collapse or Renaissance

I will not attempt to present a catastrophic picture of Poland's economic collapse. But I am convinced that the government and public will choose the difficult scenario of renaissance.<sup>3</sup> So one might ask the question—what problems in regional development will crop up in Poland in the 1990's?

The first problem is technological reconstruction of the entire economy and the technological infrastructure. The point is not only rapid development of high technology industries, which will surely be concentrated only in certain regions, but also the introduction of certain minimum standards for the technological outfitting of Poland (one obvious example is the condition of the telephone network).

The second problem is the new quality of regional development, tied to the emergence of real enterprise and the true entrepreneur in Poland.<sup>4</sup> An enterprise director who is not a bureaucrat but an entrepreneur will be the main actor in our economic geography. Naturally this means not just classical state enterprises but also cooperatives and private enterprises and various kinds of mixed enterprises. In the renaissance scenario there must be room for a very high birth rate of new enterprises, especially small and medium sized, and room for a high death rate—bankruptcies of those enterprises which for technological, ecological and economic reasons should not see the 21st Century. The draconian treatment to rejuvenate the Polish economy will proceed with varying intensity in different regions of the country.

The third problem is creating real territorial self-management in Poland. Real, contemporary, autonomous territorial self-management will be an important actor in the Polish geography, standing guard over the interests of local and regional communities as a wise counterweight to the less and greater barons of Polish industry.

The fourth problem is elimination of unemployment in the workplace and creating mechanisms for effective employment.

The fifth problem is halting the processes of the rapidly growing ecological catastrophe in ever larger areas of the country.

The sixth problem is the mechanisms for creating and developing local, regional, national and international markets with a rational system of prices that reflect the proportions prevailing in the world economy.



The seventh problem is a new scale of economic, social and political values that are the fundamental criterion for decision making on a local, regional and national scale. If the Poland of the 1990's really wants to avoid economic collapse, then we must abandon sentimental egalitarianisms and uniformisms. We must agree to set in motion mechanisms that increase economic, social, regional and local differences. In other words, the tensions of differences must be treated as incentives and motivation for development, not as phenomena to be fought with all the possible resources of state policy.

Naturally, all this does not mean that my vision of Poland's regional development in the 1990's is a vision of unrestrained growth in the 19th Century *laissez faire* style. Undoubtedly what is necessary is complete dismantling of the mechanisms hampering all development in Poland, including regional and local development. Also necessary is a strong, strategic regional policy serving the basic interests of the nation and state. But it should be a policy that stimulates rather than hinders development. Regional policy should also be an instrument for accelerating the dismantling of old physical and institutional structures.

This discussion note is a question addressed to all readers of *ZYCIE GOSPODARCZE* as to whether there is an academic and social demand for a conference entitled "Regional development in Poland in the second half of the 20th Century." If the response of interested readers is affirmative, then in 1989 we will organize such a conference under the joint auspices of the *ZYCIE GOSPODARCZE* and the Central Program for Basic Research, "Regional development-local development-territorial self-management."

#### Footnotes

1. A. Kuklinski, "The Geography of the Polish Crisis," *ZYCIE GOSPODARCZE* No 44, 1981.

2. G. Gorzelak, "The Geography of the Polish Crisis: An attempt at recapitulation," *Bulletin of the KPZK, Polish Academy of Sciences* 138, 1988.

3. The renaissance scenario is a difficult one—it is necessary to make tough, bold decisions. The collapse scenario is an easy one—we need merely continue the current policy of compromises and halfway measures.

4. Compare the following opinion of J. Szczepanski: "Socialist enterprises have several unique characteristics. The first is based on the fact that they are enterprises without an entrepreneur, because the director or management should be an administrative group but a managing one. The second characteristic is the variety of functions and responsibilities. The enterprise has not only economic responsibilities but political, social, cultural, educational, charitable and other responsibilities; hence its effectiveness is measured not just in economic terms. If reform limits the non-economic functions to a great extent, many

gaps will be formed in other areas of public life. The socialist enterprise has many bosses—party committees, ministries, people's councils, planning commissions, creditor banks—and all these institutions are interested mainly in enterprise management and personnel abiding by the rules." Third session of the Council of State Advisory Council. From diagnoses to actions. *RADA NARODOWA* special edition, 2 and 3 July 1987 p 6.

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#### Future of Socialist Economy Defended; Enterprise, Bank, Center Role Reconsidered

26000649 Warsaw *ZYCIE GOSPODARCZE* in Polish No 32, 7 Aug 88 and No 33, 14 Aug 88

[Article by Jan Czekaj and Stanislaw Owsiak: "Where Is the Socialist Economy Going?" under the rubric "Let's Discuss the Unknowns of the Ultimate Shape of the Economy"]

[No 32, 7 Aug 88 pp 10-11]

[Text] The experiences of the socialist economy and the state of knowledge about it warrant assuming that at present it is either at a crossroads or has reached a point of no return. A critical examination of the situation in which the socialist system of society finds itself leads to a diagnosis having the form of an alternative: either the socialist economy must be radically and thoroughly reformed or it will simply collapse.

If we exclude the latter eventuality, the question arises, or rather many questions arise, as to what will be the next direction of evolution of the socialist economy. The answer is not easy, although the intensity and breadth of the discussion of the future of the socialist economy, also conducted on pages of *ZYCIE GOSPODARCZE*, represents an interesting and important contribution to describing and indicating the directions of the desired changes.

An attempt at solving "unknowns of the ultimate shape of the economy" requires eliminating, insofar as possible, the subjective and emotional elements with which we are dealing when evaluating real socialism. Getting rid of these encrustations is not easy, as reflected in, e.g., the uncritical fascination with the capitalist system of society and sharp criticism of the socialist economy. Domestic discussion of the future of the socialist economy is generally dominated in this connection by what might be termed the "Polish complex," associated with the fatal condition of many domains of social and economic life.

Moderate critics of socialism claim that socialism is a transitional stage between underdeveloped and advanced capitalism, while extremist critics ironically comment that socialism is the longest road from capitalism to... capitalism. But while excessive importance

should not be attached to the ironic forms of appraising the socialist system of society, the substance of their criticism should not be glossed over, and the same applies even more so to the predictions they contain. For they represent a challenge to the observed historical laws of development. In other words, the return of the socialist economy to a capitalist one would signify, in accordance with the logic of development, that: 1) the socialist economy has arisen prematurely; 2) the socialist economy is a utopian concept; 3) the concept of the socialist economy was distorted in practice.

### Socialism as the Antithesis of Capitalism

Understanding the causes of the present state of the socialist economy is not possible without considering the circumstances under which the socialist system of society had arisen. Socialism represented, at first in theory and later also in practice, a response to the injustices and flaws of the capitalist system of society. The growth of capitalism was, especially in its initial period, accompanied by many negative social and economic phenomena, some of which acquired a markedly brutal form; this concerns, e.g., the original accumulation of capital, the excessive appropriation of surplus usufruct, the lengthened work day, unemployment, absence of social security, etc.

It is thus not accidental that the concepts of the new system, socialism, questioned the economic aspects and categories which, it might seem, are the exclusive domain of the capitalist system and are "responsible" for its faulty functioning. According to theory, the new socialist system should break with private ownership of means of production, eliminate money as a medium of exchange, and break with profits, because these are a means for multiplying surplus value by the capitalist class at the expense of the working class, etc.

The ideal of the socialist economy had been conceived as reflecting man's objections to the explicit injustices of early capitalism, as an antithesis thereto. Theories of the new system opposed it to capitalism not only on the plane of humanist values but also on the plane of economic resources and management methods. The thus developed economic doctrine of socialism bears an explicit brand of idealism, especially by treating socialism as a contradiction-free system of society and rejecting almost totally the economic concepts and instruments developed under capitalism.

The hypotheses formulated by the classics [of "Marxism-Leninism"] on the nature of the new system of society, which underlay the development of the economic doctrine of socialism, represent an unprecedented notion of disrupting the continuity of the centuries-long process of the development of mankind's economic institutions. In countries of real socialism these hypotheses had, on being complemented with new elements as necessitated

by ideology and politics, gained the rank of an absolutely binding doctrine and still continue to dominate economic life, and especially the design of the operating mechanisms of economy.

The manner in which the economic doctrine of socialism arose and its subordination to ideology and politics resulted in many negative consequences, and in particular they adversely affected the internal cohesiveness and quality of that doctrine. Analysis of the pertinent literature indicates that the theory of economics followed in the countries of real socialism often identifies the normative motif with the positive motif. Not infrequently, postulates formulated regarding the socialist economy are taken as the reality while facts conflicting the binding doctrine are viewed as nonexistent and theses formulated by the classics more than 100 years ago are utilized as clinching arguments in resolving problems that arise in practice.

These aspects of the economic doctrine of socialism have caused it in time to become a major impediment to progress, and this points to the urgency of the need to reappraise the basic elements of this doctrine.

### Consequences of Rivalry

Once the socialist formation became a fact, this was of course bound to influence capitalism. Above all, obviously, capitalism must have felt threatened. The extent of that threat ensued not only from the fact itself of the appearance of a new system of society but was potentiated by the unusually aggressive ideology and propaganda of that new system. This was reflected in, among other things, the slogans of the speedy worldwide defeat of capitalism by socialism as a social formation superior to capitalism. The collapse of the old formation was to be preceded by overtaking the capitalist countries in the fields of economy, culture, education, social welfare, etc. It is natural that the rise of a new system of society on the arena of history was bound to elicit a response from capitalism. But on the other hand, socialism, too, being surrounded by capitalism, had to respond in a definite manner to its challenge.

Observation of the coexistence so far of these two great socioeconomic systems prompts the following assumptions:

- Capitalism has been treating very seriously the challenge hurled by the new system of society.
- Socialism has been adhering too long and too stubbornly to many utopian ideas turned into a system of rigid dogmas.

It can thus be observed that the lessons inferrable from the fact of such coexistence have been differently utilized by both systems. For while capitalism, adapting to its needs many ideas generated by the socialist movement, began to reform itself under the influence of socialism,

socialism ignored or barely tolerated the economic concepts and laws developed under capitalism and the tools, instruments, and institutions based on their logic.

Among the many forms of the flexibility and adaptability capitalism, special emphasis is deserved by the change in the approach to the state's role in the economy. In the 1930s one of the most radical and simply revolutionary modifications of capitalism took place, consisting in the assumption by the state of responsibility for the condition of the economy while, however, at the same time retaining and respecting the rules of the market mechanism.

Although the forms, methods, and scope of the involvement of the state in the economy have been changing in the 50 years since, the very principle of such involvement has become perpetuated as a permanent accomplishment of capitalism. The state's involvement in the economy does not reduce to the classical rules and instruments of interventionism; various kinds of legal instruments (e.g., antimonopoly legislation, or laws on environmental protection) also are employed and the state acts as the mediator in resolving conflicts between capital and labor and it has become involved in resolving social problems (health care, education, culture, etc.).

The state's involvement in various domains of socioeconomic life changed substantively the visage of capitalism but did not result in eliminating the principal mechanism regulating the economic processes, namely, the market mechanism. Economic activity on the scale of enterprises is conducted in accordance with rational economic rules. The negative consequences of monopolization to the operation of the market were fully offset by the growth in the role of international competition. And the growth of the capital market has in its turn promoted the rationalization of allocation processes in the economy, etc.

Following World War II there also appeared, particularly in West Europe, major integrative processes as reflected in, among other things, common agricultural, scientific-technical, technological, currency, customs, and other policies. When assessing the importance of these processes to the state of the capitalist economy it has to be stated that they were an extremely important factor in strengthening that economy.

Thus while capitalism has taken, under the influence of socialism, varied measures to streamline the economy and scored numerous successes in this field, under socialism the socioeconomic bonds have been gradually disintegrating as a result of disregard of objective economic laws and concepts. Economic activity in the countries of real socialism has been largely subordinated to the needs of ideology and politics at the expense of rational economic management. This opinion cannot be changed by the fact that the concepts existing under socialism such as money, prices, taxes, rate of exchange, bank interest, profits, etc., are nominally the same as under capitalism. Being complemented with artificial

concepts such as economic accounting, these concepts have been treated both in theory and practice very manipulatively as instruments which could be utilized arbitrarily to attain desired economic effects.

As a result, in the socialist economy there arose a special situation in which economic concepts developed under capitalism operated formally because it turned out that they are indispensable but, on the other hand, their objective nature was ignored by reducing them to the role of instruments similar in name only to their capitalist models. Being distorted by the state's arbitrary interference the concepts of money and value do not exercise under such circumstances the functions ascribed to them but on the contrary, in many cases, promote irrational conduct. Their role is besides assumed to be secondary, because economic activity has been subordinated to production and the central plan, prepared "in kind," became the principal instrument for organizing that activity.

The universal principle of rational management, one of the greatest accomplishments of economic theory and practice in general, was thus degraded, because the relationship between outlays and results was distorted by fallacious economic parameters as well as by the automatic subsidizing of enterprises by the state budget or bank. These and many other causes resulted in that economically there arose an ever widening gap between socialism and advanced capitalism, which was ignored by science and propaganda in the socialist countries.

According to that propaganda, the situation was quite the reverse: day after day, the economic superiority of socialism was trumpeted and a rapid decline of a capitalism rent by growing contradictions was predicted. A science of economics based on schemas and views of 19th century capitalism was incapable of providing an accurate diagnosis of the actually occurring processes and offering sensible solutions for reforming socialism. For the sake of fairness, however, it should be added that this happened in the presence of an extensive curtailment of the freedom of scholarly opinion.

As outlined above, certain development trends of socialism and capitalism during the period of mutual existence of these formations serve to conclude that capitalism has demonstrated a much greater adaptability to changing economic conditions and the challenges posed by the new formation [socialism]. Here it should be emphasized that the power and effectiveness of the adaptation mechanism of the capitalist economy stem from its respect for objective economic laws and for management techniques that promote efficiency and technical and technological progress, etc. This makes it possible not only to attain superiority in the purely material sphere but also to solve social problems, which requires commensurate material resources generated by the economic system.

The socialist formation, on the other hand, owing to its protracted and tenacious adherence to idealized systemic assumptions whose correctness has not been corroborated by practice, was incapable of coping with the



increasingly rapid changes in economic conditions and demonstrated poor ability to adapt. The principal symptoms of weakness of the socialist economy are: inability to apply technical and technological advances rapidly, poor amenability to structural changes, poor ability to integrate with other countries, low effectiveness of economic management, etc.

Economic growth was achieved at the cost of increasingly higher outlays of human labor while at the same time depleting natural resources and polluting the environment. This resulted in a slowdown in economic growth rate. Hence also the alternative, mentioned at the outset of this article, of either far-reaching reforms by socialism, commensurate with those implemented by capitalism in the past, or a natural decline of socialism.

### Criteria for Changes

The basic dilemma of theory as regards reforming the socialist economy may reduce to the following question: is it possible, at the present stage of development, for a modern economy to function without resorting to a genuine market mechanism?

If we answer this question negatively, it should be stated that socialism must attempt to effectively adapt the concepts and mechanisms developed under capitalism. The era of total negation must give way to the era of creative adaptation.

Posing the problem thus raises automatically as it were the question of whether the reform is to signify a return to capitalism.

In our opinion, such a conclusion would be inevitable if it is assumed that the market mechanism is identical with capitalism, as many of those discussing this subject appear to believe. We believe such judgment to be fallacious because, in our opinion, the market mechanism is a universal mechanism which can be utilized by various socioeconomic formations. On the other hand, the assumption that a reform of the socialist economy based on the market mechanism means a return to capitalism is automatically confirmed as it were if we also assume that the market is a foreign body so far as socialism is concerned.

If then the reform is not to signify a return to capitalism, the question arises: in what direction is the socialist economy to evolve? What is to be its ultimate shape?

The discussion being waged on the pages of ZYCIE GOSPODARCZE is intended precisely to answer the question thus posed. In this place, however, yet another dilemma arises: is there any sense to discussing the ultimate shape of the economy?

After all, it is a truism that the socioeconomic reality is continually undergoing change and it would be a mistake to believe that at some moment in the future the process

of change would stop. Hence also considering the ultimate shape of the economy as a kind of a petrified state crowning the reform process once it ends sooner or later, has to be viewed as an oversimplification. Therefore, "ultimate shape" has to be construed specifically as a criterion of the consonance of certain reform undertakings, or of the entire package of these undertakings, such as the second stage of the economic reform, with the intended direction of changes.

But regardless of whether the concept of the ultimate shape of the economy is construed literally or in accordance with the above interpretation, it is necessary to define more precisely the criteria for evaluating the planned or already introduced reform measures.

In the discussions of the reform so far a major criterion employed has been the consonance of these measures with the economic doctrine of socialism. Without negating the revolutionary significance of the theory of social development formulated by Marx, it must be stated, however, that the economic doctrine of socialism, being based on loose assumptions concerning the nature of the new system of society, has not passed the test of time. In particular, Marx's expectations that the socialist economy would be a noncommodity economy did not prove justified. To be sure, the economic doctrine of real socialism has discarded this assumption, but only formally. The verbal acknowledgment of the commodity-money nature of the socialist economy was not followed by deeds that would in practice respect that nature.

On the contrary, the operating mechanism of the socialist economy has been predicated on using only nominal and not genuine commodity-money categories, these being thought as reserved for the capitalist economy. Obviously, such a doctrine cannot serve as a basis for evaluating and selecting proper systemic solutions. At present, the socialist economy still exists in a situation in which the implementation of extensive reforms and a concomitant development of an adequate economic doctrine are indispensable.

From the above ensues the need to explore other criteria for evaluating the reforms under way. It appears that one such criterion should be the amenability of particular economic problems to solution. Generally speaking, a reformed system should display the ability to assure effective economic growth.

In saying this we are aware that we are neither being original nor stating profound truths. What is more, the apprehensions that the reader may stop reading our article at this point (if he has at all read it until this point) are justified, because the question of efficient economic management has been belabored ad nauseam, especially in this country. Still, this idea has been distorted in practice not only by the aforementioned fallacious parameters used in measuring it but also by the material (in kind) rather than value-oriented (financial) approach

to it. Moreover, the criteria of effectiveness on the macro- and microeconomic scale also differed.

Hence, when we state that efficient management is the principal determinant of radical changes in the operation of the socialist economy, we wish to emphasize forcefully the need to dispense with the heretofore dominant approach which could be termed pseudoeffectiveness and whose criteria and measurement techniques reflect ignorance of economics. The sharpness of this formulation may meet with resistance, but how else can we sum up the deliberate distortion of the idea of economic accounting [cost-effective accounting], the preservation of unprofitable industries, which represents a specific form of socialist exploitation, the manipulation of the results of the economic performance of enterprises resulting in that enterprises operating at a loss are formally operating profitably, the failure to include in economic accounting the costs of environmental pollution, the deliberate rupturing of the ties between production conditions at domestic enterprises and the foreign market, the arbitrary decisions to channel the surplus profits of the best-performing enterprises, subsectors, and branches to the worst-performing ones, etc?

It is only by eliminating these "methods of management" that real rather than illusory chances for a radical change in the economic situation may arise. For it is an illusion to link hopes for overcoming the present difficulties of the socialist countries to a restoration of capitalism. The real or, let us say it plainly, sole way of radically reforming the socialist economy is by sanctioning the objective categories and laws of economics in the operating mechanism of that economy.

Such reform measures harbor no danger of a collapse of socialism, although they may generate new conflict situations such as the necessity of the bankruptcy of inefficient state enterprises, the temporary advent of unemployment, etc. Socialism should not shirk such situations at any price, and neither should it collapse because of them. On the contrary, the continued preservation of hidden unemployment or the maintenance by the state of inefficient enterprises represent genuine perils to the existence of the socialist economy.

[No 33, 14 Aug 88 p 8]

A characteristic feature of the traditional and dominant approach to problems of effectiveness in the socialist economy has been the idealistic endeavor to preserve consonance between macro- and microeconomic effectiveness. Since in practice achieving such consonance is not feasible, one or the other of these two kinds of effectiveness is bound to predominate.

In the countries of real socialism the dominant kind has been thought to be macroeconomic effectiveness, with the requirements of microeconomic effectiveness being totally subordinated to it. Yet, the experience of highly developed countries demonstrates unambiguously that it

is microeconomic effectiveness that serves as the engine of economic and social progress. If the socialist economy is to develop effectively, major assumptions of the theory of economic accounting have to be reappraised, as have to be changes in the operating mechanisms so as to adopt the criteria of microeconomic effectiveness as the starting point.

Hence ensues an unusually important practical conclusion as to the direction in which the socialist economy is to be reformed: the main reform effort should be focused on providing conditions in which socialist enterprises can acquire the nature of economic entities functioning in accordance with the essence of the concept of the "enterprise."

### The Enterprise as the Prime Mover of Progress

The enterprise is one of the most portentous inventions in the domain of economic institutions to be ever conceived by mankind. It is, as known, an institution that has reached its apogee under capitalism. The experience so far of the socialist economy shows unambiguously, moreover, that an efficient operation of the economic system is not possible nowadays if enterprises are reduced to the role of executors of the decisions taken by the bureaucratic machinery of a system for managing the economy. Hence the unambiguous conclusion that work on the reform should be oriented toward turning socialized enterprises into entities operating on the same principles as under capitalism.

In this brief study space does not permit a detailed discussion of all the solutions to be introduced in order to assure proper operating conditions for enterprises. We shall therefore enumerate only briefly, in the form of desiderata, some of the needed changes.

1. Above all, enterprises should be given total freedom in determining the nature of their production, supplies, and employment policies. In practice, this would mean the need to completely abandon any official allocation of producer goods and eliminate the restrictions so far on wage ceilings.

—All the methods used so far to regulate wages at enterprises have to be viewed as totally infelicitous, and further attempts at experimenting by exploring artificial criteria and linking them to wage levels are doomed to failure. The wage mechanism must be based on market rules of evaluation and distribution.

—The changes in the remuneration system must be accompanied by corresponding revisions of the tax system. In its present form this system is anachronistic so far as the desirable directions of the reform are concerned. It is obsolete and inadequate because it is adapted to command-allocation methods of directing the activities of enterprises. In the new conditions the brunt of taxation should be borne not by enterprises as at present but by the population or, more exactly, by

every citizen. The present system, which focuses on taxing enterprises, is de facto an indirect burden on consumers in the sense that indirect taxation has the adverse feature of blurring actual distribution and hindering an objectivization of the scope of redistribution from the state budget—so far the principal instrument for reallocating incomes in the economy.

—We are therefore in favor of a radical change in the tax system, such as would shift the center of gravity in fiscal relations under socialism from enterprises onto the population (households, individual citizens). Such a solution must clearly be accompanied by a change in the proportions of the distribution of gross incomes among the enterprises, the state budget, and the labor force. Such a solution would relieve the enterprises of the obligation, imposed on them by the command-allocation system and still persisting, of providing the state budget with the needed funds, which promotes arbitrariness at the central level and adversely affects the operating conditions of enterprises.

2. The foregoing suggested changes should be accompanied by changes in other important domains of economic operation. Thus, for example, the proper role of the banks should be restored, that is, they should be turned into autonomous entities deriving their income from the provision of loans and banking services in lieu of their current status as bureaucratized government offices for distributing money throughout the economy in accordance with quantitative decisions from the top.

—The establishment of a capital market should be viewed as expedient and useful. Such a market would provide alternative—in relation to those existing at present—possibilities for obtaining and investing funds. Unless an active capital market is created, fundamental progress in streamlining allocation processes in the economy is not feasible. The capital market should also contribute to providing the conditions for a proper operation of autonomous enterprises.

3. It must also be admitted that any realistic expansion of the scope of freedom of action of enterprises must be linked to an explicit curtailment of government intervention or, more exactly, of political interference with the economies of enterprises. Understanding this necessity is not easy, in view of the burden of the past, but it must be plainly stated that there is no other way out. The socialist state must assume the risk, which contrary to appearances is no longer that great, of distancing itself from the economy to an extent enabling the objective economic laws and mechanisms to operate effectively. The attendant risks are undoubtedly much smaller than the risk of duplicating the economic model known from the past.

The above statements do not imply that the state should withdraw entirely from the domain of the economy. The economy is such an important domain of the modern society and state that complete withdrawal from the

economic game would be a mistake. The contemporary complex economic mechanisms cannot function efficiently without active participation of state institutions.

The problem itself of active involvement of the state in the economy should be viewed as definitely settled in theory so that only ways of that involvement are subject to discussion. Without defining these ways more precisely here we wish merely to stress that they should be closer to the practices of state interventionism applied in the highly developed capitalist countries than to the traditional methods of "manual steering" of the economy. The subject of such intervention should be the fundamental macroeconomic processes rather than, as heretofore, discrete enterprises.

The criteria presented so far for evaluating the process of reforming the economy (growth of efficient management, assurance of operating conditions for "genuine" enterprises) do not, of course, shed light on all the changes needed. Additional arguments may be provided by considering certain more detailed questions. We believe that the reformed system should create conditions promoting the solution of many particular economic problems which the traditional system has not been capable of resolving.

#### The Market Mechanism as an Instrument of Integration

One problem is foreign economic cooperation. As known, the socialist system displays many flaws in this respect. They manifest themselves not only in the lack of ability for mutually advantageous cooperation with highly developed capitalist countries but also in the insignificant progress of integration within the grouping of socialist countries. In the specific conditions of Poland a fundamental problem is undoubtedly the need to invigorate exports for purposes of servicing Poland's debt and increase imports (especially with the object of modernizing the economy).

However, a proper solution of this problem cannot consist in creating occasional or even unusually aggressive stimuli for the expansion of exports and instead it should be oriented to creating a natural network of ties linking Polish enterprises to foreign markets. To this end all the instruments that artificially isolate enterprises from the conditions reigning on the world market should be eliminated. In addition, it is indispensable to approximate the operating conditions of enterprises as fully as possible to the operating conditions of their potential foreign partners.

Unless these conditions are approximated, socialist enterprises will be unable to succeed on foreign markets, because they will be incapable of understanding the logic of the operation of these markets. The ability to manipulate such instruments as modern marketing, credit, bonds, other instruments of the financial-capital market, interest rates, target-date transactions, etc., must be somehow learned. Solving the problem of Poland's



indebtedness and creating solid foundations for cooperation with highly developed capitalist countries requires, among other things, taking steps to "build in" these instruments in the operating mechanism of the Polish economy.

The current state of economic cooperation within CEMA indicates that integrative progresses in this respect have been in an impasse for several decades. Hence also the reformed system should meet the needs for a definite acceleration of these processes. It can be no longer doubted nowadays that the traditional integrative methods employed by CEMA cannot cope with this task.

Here it should be emphasized that any attempt to develop standardized operating systems for the economies of the socialist countries that would also meet the need to accelerate integrative processes within CEMA is doomed to failure. It can therefore be assumed that the acceleration of integrative processes within CEMA, or more broadly among all the socialist countries, will happen through the mediation, as it were, of the world market. In other words, by adapting the operating mechanisms of their economies to the needs of cooperation with highly developed capitalist countries, the socialist countries will thereby also create improved systemic conditions for their own mutual cooperation.

This adaptive process has already commenced in certain countries and is likely to accelerate. Temporarily, owing to the differentiated pace of changes, this may engender certain difficulties in cooperation among the socialist countries. But it can be stated of a certainty and definitely that the countries which lag behind in the reforming processes will be doomed to live on the periphery of not only the capitalist but also the socialist economies.

The argument that maintaining the traditional operating system of the economy is necessitated by the needs for economic cooperation with the socialist countries is no longer viable nowadays. The development of forms and methods of this cooperation nowadays involves a quite different need—the need to accelerate reforms.

### Structural Changes

Another problem that has not been properly settled by means of traditional solutions is structural changes in the economy. In this field the socialist countries decidedly lag behind the highly developed capitalist countries. In the Polish economy the adverse consequences of the absence of an adequate mechanism for structural changes are particularly onerous. It is not enough that the otherwise universal positive relationship between the pace of structural changes and the growth rate of the economy is absent in Poland; worse even, the structural changes that occurred in recent years in Poland are a major impediment to growth.

By way of an example, consider alone the fact that, by contrast with the worldwide pattern, in recent years the

share of employment in the extractive industry has been rising in Poland. Since labor productivity in that industry is at the same time declining, this is resulting in a decline in the growth rate of the entire Polish economy. All this is happening in the presence of full awareness of the necessity of basic structural changes, as declared from time to time from the highest tribunes in this country; in the meantime the economy as before is constantly gravitating in favor of heavy, producer goods industry.

It is thus obvious that the faulty operating mechanism of the economy is responsible for such a situation. Creating appropriate conditions for effective structural changes is, generally speaking, linked to the application of the solutions considered above. Hence this requires placing emphasis on the enterprise as the principal subject of structural changes rather than as heretofore on the structural actions of national agencies. All enterprises, branches, subsectors, and sections of the national economy must be subjected to the criterion of effectiveness with the object of energizing an efficient mechanism for eliminating inefficient entities and domains of production.

The activation of a capital market should be considered as particularly necessary; such a market should supplant the traditional centralized mechanism for allocating resources in the economy, which tends to duplicate existing structures by giving preference to the strongest entities, i.e., those with the most clout. To assure mobility of the labor force, changes in the wage mechanism, etc., are needed.

Thus this concerns creating a mechanism of structural changes based on objective economic categories and laws whose operation would be to a rational extent corrected by the state, in lieu of the traditional mechanism under which the state itself supplants these categories and laws of economics.

### Innovativeness of the Economy

Another important problem which the traditional mechanisms have not been able to resolve is the problem of technical progress. As known, the socialist economy lags far behind the developed capitalist countries in the field of technical progress. The traditional system for guiding technical progress has been based on the erroneous assumption that the state can handle these matters nearly by itself. Essentially, in this respect the socialist economy exists in a situation resembling that of the neoclassical theories of economics attempting to elucidate problems of economic growth under capitalism. As known, these theories view technical progress as exogenous.

In other words, they perceive the sources of technical progress to lie outside the economic system and assume the existence of a so-called partnership with innovations from which enterprises may avail themselves if cost-effective accounting requires them to apply specific technical or technological solutions. The socialist economy

exists in a similar situation; its operating mechanism also presupposes the existence of such a "partnership" from which optimal combinations of production factors may be selected.

Such an assumption is, of course, a fiction, because technical and technological progress is a closely economic category and is engendered with the decisive participation of the economic system.

An economic system which does not contain internal stimuli of technical progress cannot pump that progress into the economy by fiat, let alone the consideration that in such a system the number of innovations is bound to be extremely limited and hence there is little to include by fiat anyhow. The reality as regards the innovativeness of the socialist economy confirms this thesis in an indubitable manner. It can thus be stated that the difference between the situation of neoclassical theory and the situation of the socialist economy consists in that the former merely attempts to describe in a simplified manner the actual capitalist economy, upon presupposing an exogenous nature of technical progress, whereas the latter operates in the absence of a proper mechanism for stimulating innovative processes.

The aforementioned directions of indispensable systemic changes should also, in our opinion, contribute to enhancing the ability of the economy to create technical progress. In particular, it is necessary to base the operating mechanism of the economy on the assumption that the enterprises are the prime mover of technical progress in the economy. In the absence of innovation-oriented

enterprises no economy can achieve successes in technical progress.

Also indispensable are changes in wage formation, and there exists a need to activate a capital market that would make it possible to obtain the necessary funds for financing measures to promote technical progress. As for the state, it can fulfill an important role as a stimulator rather than the sole animator of technical progress in the economy.

We realize that in such a brief study we have not touched upon many issues essential to the reforming process. Besides, we set ourselves a much more modest task, that chiefly of emphasizing two problems:

- First, that the process of reforming the economy must pursue a direction assuring respect for objective economic categories and laws;
- Second, that a criterion for evaluating the solutions applied should be their ability to resolve specific economic problems.

The socialist economy by now has been operating sufficiently long to perform the selection of various mechanisms and instruments on the basis of the criterion of their effectiveness. Hence also no doctrinal or ideological prejudices may be a basis for discrediting objective economic categories and mechanisms, because on these alone hinges the hope of surmounting the current weaknesses of the socialist economy and endowing it with a lasting ability for effective growth.

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